

KOSOVO CRISIS NATO WARNS THAT NO FACILITY INVOLVED IN ATTACKS ON ETHNIC ALBANIANS IS SAFE ■ FOOD CRISIS THREAT IN PROVINCE

Range of Yugoslav targets widened

By Neil Buckley in Brussels and Kevin Done in London

Nato warned yesterday that no Yugoslav facility that "planned, conceived, directed or carried out" attacks against Kosovar Albanians would be safe from its bombing campaign...

The decision to broaden the range of targets was taken by Nato envoys in Brussels on Tuesday night, after Nato leaders rejected a peace offer from Slobodan Milosevic...

The build-up of forces in the region was intensified as Russia, which fiercely opposes the Nato bombing campaign, announced it was sending a reconnaissance ship to the Mediterranean Sea...

Nato yesterday accused the Yugoslav authorities of trying to erase the identities of ethnic Albanians being driven out of Kosovo by destroying their public records and archives.

European monitors said the number of refugees crossing into Albania was nearing 100,000 and the influx showed no signs of letting up.

Wilby, of Nato military command, said bombing efforts continued to be hampered by poor weather, but a forecast improvement in the weather could allow the alliance to increase the "momentum and flexibility" of attacks.

YUGOSLAV OVERTURE WEST SAYS PLAN DOES NOT GO FAR ENOUGH

Milosevic peace offer angers Nato

By David Buchan, Diplomatic Editor

In persuading Slobodan Milosevic, Yugoslav president, to offer to pull some troops out of Kosovo in exchange for Nato calling off its warplanes...

ence of part of its forces that are in Kosovo for the purpose of defence of the country. The last part of this phrase could imply that the reduction might only apply to the regular army...

In exchange for these reductions the Rambouillet plan would disarm the Kosovo Liberation Army (KLA), a task to be overseen by the Nato-led peacekeeping force...



A Thunderbolt ground crew member checking an A-10 after it was flown to Yugoslavia. Reuters

Nato was mainly incensed at Mr Milosevic's failure to offer the ceasefire on the part of his own forces, to which he is nationally committed by his October 1998 agreement with Richard Holbrooke...

According to this the MUP were, on the day of a peace settlement being signed (or K-day), to be reduced to their level before fighting broke out a year ago.

In fact, western mediators went to considerable lengths to persuade the KLA to accept interim autonomy within Yugoslavia. They refused to include in the Rambouillet plan any mention of a referendum on independence...

sensitive matter for Serb negotiators in the Rambouillet talks. But they also disputed the idea of Kosovo having a president and a constitution, arguing these conferred statehood on the province.

Diplomacy at odds Nato demands: Serb ceasefire as promised in Oct. 1998; Withdrawal of Serb forces from Kosovo, at least to levels of March 1998...

archives in local communes. What Mr Primakov's abortive peace mission has revealed, however, is that while a channel for diplomacy remains open through Moscow, Nato and Belgrade have hardened their positions since Nato air strikes began...

WORLD FOOD PROGRAMME INTERNATIONAL RELIEF EFFORT URGED

Starvation threat grows

By Kevin Done

People are expected to be starving in Kosovo within 10 to 14 days unless an international relief effort can be mounted, the World Food Programme (WFP), the food aid organisation of the United Nations, warned yesterday.

Ms Bertini said the WFP remained confident it could feed the tens of thousands of refugees who had flooded across the Kosovo borders into neighbouring Albania, Montenegro and Macedonia...

The Hungarian government has found itself embroiled in an embarrassing dispute over the Nato air strikes in Yugoslavia after its defence minister was quoted as saying nobody could believe the situation would be resolved by air strikes alone.

MILITARY TACTICS BUDAPEST EMBARRASSED OVER 'ATTACK'

Confusion in Hungary

By Robert Wright in Budapest

The remarks came around the same time that George Robertson, the UK defence secretary, was assuring reporters that a ground operation in Kosovo was out of the question because of the number of troops required.

That in turn has prompted Viktor Orbán, prime minister, to attempt clarification. He told a press conference the third stage of attacks would not include ground attacks.

Hungary has found itself embroiled in the problems of neighbouring Yugoslavia almost immediately after becoming a Nato member on March 12. One western diplomat described government officials and ministers as "shell shocked" at the baptism of fire they were receiving into Nato membership.

FINANCIAL TIMES Published by The Financial Times (Europe) GmbH, Mittelweg 36, 10115 Berlin, Germany. Telephone +49 30 155 550. Fax +49 30 155 551. Represented in Frankfurt by Colin A. Kennard as Geschäftsführer and in London by David C.W. Bell, Chairman, and Alex C. Miller, Deputy Chairman. The shareholders of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 7 Burlington Gardens, London, W1K 1LE. Shareholder of this company is Pearson plc registered at the same address. GERMANY: Responsible for advertising content: Colin A. Kennard. Printer: Rätow International Verlagsgesellschaft mbH, Adenau-Ringstraße 1a, 53561 Niehl, Germany. ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. SWEDEN: Responsible Publisher: Bradley P. Johnson. Telephone +46 8 791 2345. Printer: AB Nya Tidningar Expressen, PO Box 607, S-581 06, Malmö, Sweden. © The Financial Times Limited 1999. Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

GERMAN PACIFISM LEADERS AGREE MEETING TO DISCUSS OPPOSITION TO AIR STRIKES

Greens face prospect of defections

By Heig Simonian in Berlin

Germany's Green party faced growing defections from grassroots members yesterday due to opposition to its support for the government's military involvement in Yugoslavia.

environmentalist Greens to dissociate itself from the fighting. "There's endless unease in the whole party", he said. The remarks by Mr Ströbele, a leading Green pacifist, followed comments this week by Antje Radacke, the party's co-leader, that Nato should halt its military strikes and return to the negotiating table.

rights as in pacifism. Party leaders backing the Greens' support for German military involvement have tried to defuse the crisis by arguing that participating in government gives the Greens much greater influence on policy than remaining in opposition. Ms Radacke said the Greens would remain part of the government so long as they could influence policy to end the conflict.

would strengthen Milosevic". Helmut Lippelt, the Greens' foreign policy spokesman, said this week that parliament would have to face approving the deployment of ground troops if Nato thought this was necessary to stop ethnic cleansing in Kosovo.



Antje Radacke: urged talks

NEWS DIGEST

FRENCH UNEMPLOYMENT

Downward trend in jobless suffers setback

The steady downward trend in French unemployment was halted in February by a 0.3 per cent increase against the previous month. Figures released yesterday by Insee, the official statistics institute, showed the number of people seeking work rose 7,900 in February to 2.9m. It was only the second time in 18 months that the jobless total had risen.

GERMAN TRANSPORT

Bonn approves new airport

The German cabinet yesterday gave final approval for the construction of a new international airport to serve Berlin and the Brandenburg region. The project, based on the existing airfield at Schönefeld, one of the city's three airports at present, should be ready by 2007. The airport is expected to handle 17m passengers in its first year, rising to 20m.

CREDIT LYONNAIS

Italian financier sentenced

Giancarlo Parretti, an Italian financier whose Hollywood dealings played a part in the downfall of France's Crédit Lyonnais bank, was sentenced in absentia to four years in jail by a Paris court yesterday.

SWISS GOLD RESERVES

Bank nearly doubles loans

The Swiss National Bank, which controls the world's third biggest gold reserves, nearly doubled the amount of gold it lent to banks and brokerage houses in 1998. At the end of 1998 it had outstanding gold loans of 187 tonnes compared with 99 tonnes at the end of 1997, its first year of gold lending.

DEFENCE MINISTRY REPORT

Polish military lacks supplies

Poland's deputy defence minister described as "shocking" a confidential report criticising the Polish military for lacking reserve ammunition and spare parts and attributed it to poor budgeting, a spokesman said yesterday.

KOSOVO AID

Hague seeks help for refugees

William Hague, the UK Conservative party leader, yesterday urged the government to match any funds raised by charities to ease the plight of the thousands of Kosovo Albanians seeking refuge in Macedonia, Albania and Montenegro.

Greece prepared to take a tough line on inflation

By Karin Hope in Athens

Greece is prepared to take exceptional measures to reduce the average inflation rate this year to 2.5 per cent, the level required to qualify for euro membership in January 2001, a senior government official said yesterday.

Rising oil prices on international markets and sharp price increases by Greek manufacturers and importers are expected to raise inflationary pressure in the second half of the year.

Despite falling interest rates and low growth in labour costs, "manufacturers and traders have raised profit margins significantly to exploit a surge in

demand," the official said. "We're ready to take additional measures, including extra (indirect) tax cuts if necessary, to make sure of hitting the convergence target on inflation," the official added.

Such measures would include deep cuts in public investment in the final quarter. Cuts last year in fuel taxes, value-added tax on electricity and the special consumption tax on new car purchases have reduced the yearly inflation rate by about 1 percentage point.

Greece aims this year to fulfil all the Maastricht convergence targets, opening the way for the European Commission to approve its

entry to the euro-zone early next year. But reducing inflation to within 1.5 percentage points of the average in the EU's three lowest inflation countries is the hardest to achieve.

This week, the European Commission endorsed the government's forecast of an average inflation rate this year of 2.5 per cent. Year-on-year inflation is projected to fall from 3.7 per cent in February to 1.9 per cent in December.

According to the EU's harmonised inflation rate, which excludes education and some health costs, Greece's average inflation rate would fall to 2.1 per cent compared with a projected 0.6 per cent average for Denmark, France and Sweden.

Greece's budget deficit last year fell to 2.4 per cent of gross domestic product, below the 3 per cent of GDP convergence ceiling. The public debt, while still well outside the 60 per cent of GDP Maastricht guideline, shrank by 4 percentage points to 105 per cent of GDP.

This level of public debt is lower than that of Italy and Belgium, both euro-zone members. It is projected to decline by another 3 percentage points of GDP this year, meeting the Maastricht requirement of a steadily declining trend.

IMF is more socialist than we are, says Maslyukov

By John Thornhill in Moscow

Yuri Maslyukov, Russia's most senior economics minister who once ran Gosplan, the Soviet state planning agency, makes a startling observation about the International Monetary Fund.

"The IMF is more socialist than we are," he chuckles.

Mr Maslyukov's comments are prompted by the IMF's insistence the government bring more taxes out of Russia's capitalist monopolies to increase pensions and wages of state employees.

The IMF fears the government might otherwise come under unsustainable pressure to print money, given the forecast 40 per cent fall in the population's real incomes this year.

In earlier discussions with the IMF, Mr Maslyukov had argued for a cut in corporate taxes to stimulate investment in the "real economy". But he says he has since been persuaded of the justice of the IMF's arguments.



Yuri Maslyukov: his communist background will ensure him a vital role in the battle with parliament AP

"We need to increase the income part of the budget by Rbl50bn (\$74.5bn)," he says. "The extra burden should be placed on our natural monopolies, that is Gazprom, UES, the transport and oil companies."

Only if the government can show its seriousness about raising more taxes will the IMF conclude its agreement to provide Russia with extra funds this year. Michel Camdessus, IMF managing director, this week agreed an outline deal, but details about the new loans have to be hammered out by an IMF mission in Moscow next week.

But the current government, like all previous post-Soviet governments, is more beholden to Russia's corporate behemoths than to the voiceless poor. The proposed new IMF programme will require new tax laws and budget amendments to be adopted by the Duma (parliament), which seems in no mood to accept a western economic *diktat* after Nato's bombing of Yugoslavia.

In the battle with parliament, Mr Maslyukov will play a vital role. As an ex-Communist party MP, he speaks the same language as

his former colleagues, who form the biggest parliamentary faction.

For this reason, Yevgeny Primakov, the prime minister, has said he will not sacrifice his first deputy prime minister despite almost daily calls for his resignation.

Mr Maslyukov's many critics depict him as a Communist dinosaur who does not understand how a modern market economy works. The former state planner still believes the government should play a central role in running the economy.

He believes a state devel-

opment bank, now being formed, will become a "key instrument" for increasing industrial production.

He also warns that more aggressive bankruptcy procedures being advocated by the World Bank could create more problems.

As President Boris Yeltsin observed this week, Russia has created a "frankish" economic model, half-way between the plan and the market. Who better to understand this world than a former Gosplan man who believes the IMF to be too socialist?

Finnish party chiefs meet today to hammer out new government

By Tim Burt in Stockholm

Paavo Lipponen, the Finnish prime minister, is today expected to begin intensive talks with rival party leaders in an attempt to form a new government after last month's inconclusive general election.

The move follows Mr Lipponen's appointment yesterday as Finland's caretaker prime minister by Martti Ahtisaari, the country's president.

Mr Ahtisaari asked him to continue in office until a workable administration could be formed from the nine parties that won seats

in the 200-seat parliament. Although Mr Lipponen's Social Democratic party (SDP) emerged as the single largest parliamentary group with 51 seats following the election, its power base was badly weakened by losing 12 seats to the rival Centre and Conservative parties.

If the prime minister fails to reach an accommodation with the Conservative party, one of its partners in the previous five-party coalition, it could clear the way for a new government led by Sauli Niinistö, the Conservative party leader.

Government officials said the negotiations could last at

least a week before a new government took shape.

Mr Niinistö, who won more constituency votes than any other party leader, is expected to call on the SDP to drop plans for a new tax on dividends and increased corporation tax as the price for his party's support.

But such demands could provoke strong opposition from the Leftist Alliance and Green parties, which took part in the previous "rainbow coalition". The Greens and the Conservatives are also divided on the need for a fifth nuclear power station in Finland.

"It is the most open race we have seen in decades. The small parties could prove crucial," said one civil servant, who declined to be named.

Mr Lipponen would find it hard to persuade the Centre party, led by former prime minister Esko Aho, to join a grand coalition after accusing it of adopting "anti-European policies" and making uncosted spending pledges.

The Finnish president has not expressed any opinion on the complexion of a new government.

"It is up to the parties to find consensus on a programme," he said.

Amsterdam treaty will come into force in May

By Michael Smith in Brussels

The European Union's Amsterdam treaty is to come into force on May 1 after Paris notified EU authorities of French acceptance. France was the last country to ratify.

The treaty confirms the growing authority of the European Parliament by giving it the power to veto the appointment of a Commission president and providing it with the right to block or amend legislation in a range of areas. It also introduces an "area of freedom, security and justice" allowing for the progressive introduction of measures to ensure the free movement of people and

establishing common rules on external border controls, asylum and immigration.

The May 1 implementation date has a limited effect on the appointment of Romano Prodi, nominated by EU heads of government as Commission president in the wake of the Commission's resignation this month after damaging criticism of its management.

Parliament intends to vote on Mr Prodi's appointment in April, before Amsterdam comes into effect. But a rejection of him then, considered highly unlikely, would force a rethink by government heads anyway.

Prime ministers do not want to provoke parliament

and will, in any case, need parliament's approval later this year for Mr Prodi to continue in office from next January.

Separately, government heads and the parliament appear divided on when the new Commission to serve with Mr Prodi should be appointed.

Josep Maria Gil-Robles, parliament president, has said he wants a new Commission to be approved by this parliament, whose term of office finishes in June when new elections are held.

However, most heads of government would prefer the new parliament to approve the replacement Commission in July.

CONTRACTS & TENDERS

MEDITERRANEA SVILUPPO - VIA VITTORIO VENETO 60 - REGGIO CALABRIA

COMPREHENSIVE SUBSIDY FOR THE INCENTIVE OF THE SMALL AND MEDIUM-SIZED ENTERPRISES IN THE GIOIA TAURO CRISIS AREA

Mediterranea Sviluppo is the Intermediary Body of the Comprehensive Subsidy. The secondary measure 2.2 of the Comprehensive Subsidy provides the incentive of investments made in the industrial area of the Gioia Tauro port, in areas equipped with infrastructures, with reference to:

- 1) Manufacturing companies as described under item D of the ISTAT categories
- 2) Service companies as per Ministerial Decree of 20.11.1997
- 3) Supply of services connected with the harbour activities:
 - Commercial Brokers
 - Sea Transport (ocean transport of passengers and goods)
 - Coastal transport (transport of passengers and goods among domestic and European ports)
 - Blocks traffic concerning sea transport
 - Cargo and deposit warehouses
 - Refrigerator warehouses for third party's account
 - Other activities connected with transport on water (port and pier management, pilage and anchorage, rescue services, sea signalling)
 - Activities of the other transport agencies (shipping agents and customs brokers, forwarding agents)
 - Carrier activities which are different from those of the national post offices
 - Charter of other means of road transport (including the charter of containers)
 - Charter of means of transport on sea and rivers
 - Product tests and technical analyses
 - Quality control and product certification
 - Disinfection services
 - Packing activities

The benefits are granted as specified here below:

- activities as per item 1), 2) and 3) provided that they are closely related with the port:
 - Small and Medium-sized enterprises: 50% in NGE, - 15% in GGE
 - Big enterprises: 50% in NGE
- activities as per item 1) and 2) which are not related with the port:
 - Small and Medium-sized enterprises: 50% in NGE -10% in GGE
 - Big enterprises: 45% in NGE

The minimum contribution threshold is 0,25 Mecu, the maximum threshold is 5 Mecu

The provisional granting will be made within 31.12.1999, the balance must be paid within 31.12.2001.

The disbursement can be made fully at the end of the operation, or in a maximum of three payments as follows:

- 1) 40% advance, equal to 40% of the assigned contribution, after the investment has been made
- 2) 20% advance, equal to 40% of the assigned contribution, against presentation of documents concerning expenses not higher than 50% of the total acceptable cost of the investment
- 3) final balance of the remaining 20% (or the remaining 60%, in case only the advance has been requested)

The disbursement as under 1) and 2) must be accompanied by an unconditioned bank or insurance fiduciary policy applicable at first call by the Mediterranean Sviluppo, of an amount that will be adapted to the value of each issued contribution, which will be cleared at the conclusion of the intervention.

The deadline for submitting the applications has been established as 14 May 1999 at 12.00 a.m.

The guide, rules and application forms can be requested from:

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ECONOMIC ASSESSMENTS FISCHER SAYS BRAZIL MEETING TARGETS WHILE RUSSIA NEEDS REFORMS

IMF praises Brazil, warns Russia

By Richard Wolfe
in Washington

The International Monetary Fund said yesterday the Brazilian economy was moving toward stability, but warned that the Russian government needed to introduce a wide range of politically sensitive reforms before a new loan package would be approved.

Stanley Fischer, acting managing director of the IMF, said Brazil had met its fiscal targets for the last quarter of 1998 and appeared to be "better than on track" in the first quarter of this year.

In contrast, Mr Fischer warned that Russia still



Fischer: Brazil's inflation better than expected

needed to complete a wide-ranging series of negotiations before the IMF would approve any new loans to

prevent the threat of national bankruptcy. Mr Fischer also delivered a downbeat estimate for the

Japanese economy, saying he expected "even less growth" in 1999 than last year, and that "it would certainly be no more growth than we expected last time."

In an interim report last December, the IMF said it expected Japanese growth to decline 0.5 per cent this year after a 2.8 per cent fall last year.

In Brazil, inflation rates were "better than expected," calming fears that the devaluation of the Real in January would trigger a revival of inflation through indexation mechanisms.

There is an intention to sustain a strong monetary policy until they get inflation under control and the

early indications are that inflation is coming in at levels which are very consistent with the target, but not into ongoing inflation," Mr Fischer said at a meeting with reporters.

"If the inflationary performance continues to remain good, it is reasonable to expect nominal interest rates to decline. On the trajectory they are on now, the issues of unstable debt dynamics that concerned the markets for so long should not arise."

Mr Fischer said the Brazilian authorities "would not hold off longer than they need to before cutting interest rates."

Mr Fischer insisted that the Fund had agreed "neither dates nor amounts" with the Russian government, despite reports of a \$4.8bn package of loans agreed in Moscow this week.

"There is a lot of detailed work to be done and there are undoubtedly prior actions to be taken," he said. "We have agreed on a framework, we have not agreed on measures."

He added that the IMF had relaxed its negotiating stance on a Russian primary budget surplus (before interest rates) of 3.5 per cent, because it would have resulted in "unrealistically large cuts in pensions" and civil service salaries.

UN urged to allow foreign investment in Iraqi oil

By Rula Khalaf, Middle East Correspondent, in London

A panel set up by the United Nations Security Council to study the humanitarian situation in Iraq has recommended that foreign companies be allowed to invest in Iraq's oil sector to raise the country's export capability, diplomats said yesterday.

The panel, made up of four senior UN officials, was one of three established by the Council with the aim of formulating a new policy on Iraq, following last December's US and British air raids and the policy divisions among the five permanent Council members.

It found that Iraq had moved from relative affluence to poverty since sanctions were imposed. Literacy rates had dropped from 75 per cent eight years ago to 53 per cent today; infant mortality was now the highest in the world.

While it did not urge the eight-year-old UN sanctions be lifted, it suggested a partial easing would let foreign companies invest in the oil sector, and other industries battered by sanctions.

Diplomats said the panel made clear that the oil-for-food programme, allowing Iraq to sell limited amounts of oil to buy humanitarian goods, was inadequate. "The humanitarian situation in Iraq will continue to be a dire one in the absence of a sustained revival of the Iraqi economy, which in turn cannot be achieved through remedial humanitarian efforts," the panel said.

The recommendations were welcomed by France, which, with Russia and China, has called for a lifting of sanctions. Diplomats said yesterday that the US and Britain were likely to oppose proposals for investments in Iraq.

Security Council members

are likely to disagree over their reading of the results of the 20-member disarmament panel.

Aid agency officials close to the UN said it recommended this week that Iraqi disarmament be moved to a reinforced monitoring and verification phase meant to ensure Iraq did not redevelop weapons it had eliminated.

The panel said intrusive inspections would have to continue under this phase, since the bulk of disarmament work had been finished, but important issues remained to be settled.

Analysts said this would provide the US and Britain with ammunition to argue that sanctions on Iraq should remain in place.

The panel suggested that UNcom, the UN commission charged with Iraqi disarmament, should be restructured. But it did not call for abolishing the commission and setting up a new one, as countries sympathetic to Iraq on the Security Council have wanted.

Analysts said the disarmament panel failed to produce recommendations that might entice Iraq to agree to the return of inspectors. The panel said it was up to the Security Council to find ways of convincing Iraq to resume co-operation.

It warned, however, that the longer inspection and monitoring activities remained suspended, the greater the risk that Iraq might reconstitute its proscribed weapons programmes or retain prohibited items.

A third panel reporting to the Council this week dealt with Kuwaiti prisoners taken by Iraq during its 1990 invasion. Its findings are believed to have been that Iraq has yet to give adequate information.

Some of the richest people on earth find it's time to tighten their belts

Low oil revenues are hitting the Qatari budget, reports Robin Allen

Felling the pinch is a relative term for Qataris. A tiny Gulf Arab state, one quarter the size of Switzerland, Qatar is one of six members in the club of monarchies which together own 48 per cent of proven global oil reserves and about 15 per cent of gas reserves.

Its 150,000 citizens are a pampered minority in their own country. They pay no tax, "nor will they in the near future," says Mr Yusef Hussein Kamal, Qatar's finance minister.

They enjoy cradle-to-the-grave welfare handouts and electricity and water are free, although the government is considering commercialising these sectors "in the next six months" to save money.

The estimated 824,000 residents enjoy annual per capita incomes of almost \$18,000, among the highest anywhere.

Exclude the expatriates,

and average Qatari incomes, from an estimated gross domestic product last year of \$9.3bn, are more than \$60,000 a year, twice as high, according to the World Bank, as any other country apart from the citizens of Kuwait and the United Arab Emirates (UAE).

Mr Kamal says, however, that people are ready to sacrifice some of their benefits, although he admits the savings are mostly to come from greater operating effi-

'By 2003,' Mr Kamal asserts confidently, 'our gross domestic product will be twice what it is today'

ciency.

Under his 1999/2000 budget, which comes into force today, government spending is to be cut by nearly 10 per cent; and, with revenues forecast to be almost 15 per cent lower than last year, the budget deficit will be more than 10 per cent of GDP and nearly 35 per cent of state revenues.

To bridge the budget deficit, the government can either tap its hidden reserves, on which Mr Kamal is silent; or go to the international markets for a sovereign loan of up to \$1.5bn. The latter option would depend, says Mr Kamal, on the terms.

"By 2003," Mr Kamal asserts confidently, "our gross domestic product will be twice what it is today."

Thanks to its offshore fields of natural gas, which

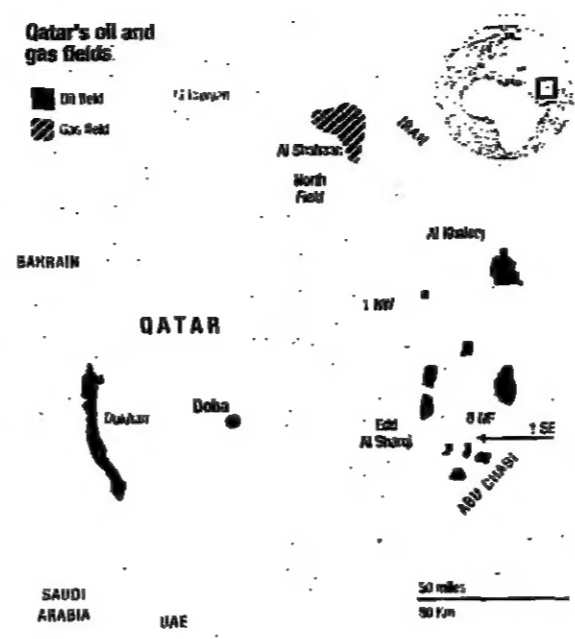
put state coffers under serious strain.

Qatar has twice the natural gas reserves of either Saudi Arabia or Abu Dhabi and, unlike these two, all its gas is clean and easy to exploit. Neither sweet gas nor condensates are limited by Opec production quotas.

But the investment costs have also been massive - \$10bn, according to energy minister Abdullah Al-Attiyah, for the on- and off-shore installations of the two joint ventures, Qatar Liquefied Gas Company (Qatargas), of which the government owns 85 per cent, and Ras Laffan Liquefied Natural Gas Company (Rasgas), a 70/30 joint venture with Mobil.

Within six months these two will be exporting more than 11m tonnes per year to Asian markets. India and the UAE have already signed memorandums of understanding for additional sales and purchase agreements.

Qatar's reserves could also be used to supply a Gulf gas grid, on condition that deep-seated animosities felt by neighbouring ruling families towards Qatar's leader-



ship can be overcome. To make these investments, however, Qatar has had to borrow heavily.

Its foreign debt stands at \$8.6bn, or 92 per cent of GDP, which does not worry the foreign bankers overmuch, so long as Qatar's ruler, Sheikh Hamad Bin Khalifa al-Thani, is in good health and the US is ready to protect Qatar's external security.

But the transition period, to the years 2004/2006, when

Qatar should have paid off most of its public debt, is causing some concern.

So long as prices for natural gas are tied to the price of oil, Qatar's economic future depends, first, on the good behaviour of Opec states which previously have helped to drive prices down by cheating on their quotas and, second, on economic recovery in Asia, far and away Qatar's most important market.

Security Council members

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CONTRACTS & TENDERS

REPUBLIC OF GHANA

DIVESTITURE OF STATE-OWNED ENTERPRISES

MIM TIMBER COMPANY LIMITED

The Government of Ghana, acting through its agent the Divestiture Implementation Committee ("DIC"), hereby invites interested persons to submit bids for the acquisition of the assets of Mim Timber Company Limited (MTCL).

ENTERPRISE PROFILE

MTCL is a 100% state-owned limited company located at Mim in the Brong Ahafo Region. The company was originally established as a sawmiller and raw timber producer but under Government of Ghana control it has become a manufacturer and exporter of processed wood products. The Company's principal export market is to the European Union countries where it has a solid reputation for quality of product and reliability of supply.

BID INFORMATION

Bid documents (including detailed bid procedures) will be provided to interested persons upon return of DIC's standard form confidentiality undertaking, duly signed, and payment of the appropriate fee. Bids from persons who do not comply with these requirements will not be accepted. Completed bids must be delivered to DIC on or before 1700 hrs (GMT) on Friday, May 28, 1999.

Interested persons should contact:

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 P.O. Box C 102, Cantonments
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 Fax: (233-21) 773126
 Email: dicgh@ncs.com.gh

551 من الامم

WORLD TRADE ORGANISATION ACRIMONY OVER SELECTION PROCEDURE AFTER BOTH CANDIDATES VETOED

Deadline missed for choosing new chief

By Guy de Jongh
in London and
Francis Williams in Geneva

World Trade Organisation members failed to meet their deadline last night for choosing a new director-general, amid bitter acrimony heightened by European Union accusations that the US was unfairly frustrating the selection process.

Alli Mchumo, Tanzanian chairman of the WTO's ruling general council, said the organisation faced the threat of a leadership crisis. He said the delay "breeds rumours, suspicions and even puts personal friendships at risk".

WTO members agreed to try again to reach a decision

by April 14, after being unable to settle on either Supachai Panitchpakdi, Thailand's deputy prime minister, or Mike Moore, a former New Zealand prime minister, to succeed Renato Ruggiero.

Mr Supachai is widely believed to have a narrow lead in the race. But Mr Mchumo said the difficulties facing both the Thai candidate and Mr Moore were so serious that neither could command a consensus among the 134 members.

On Tuesday, Mr Mchumo said objections by some unnamed members had made it impossible for Mr Supachai to achieve unanimous support and that he was seeking instead to mar-

shal a consensus in Mr Moore's favour.

Sir Leon Brittan, EU trade commissioner, yesterday strongly criticised the failure to identify the countries opposing Mr Supachai and said such "anonymous vetoes" should be disregarded in the selection process.

EU officials said they suspected one of the countries threatening a veto was the US, despite Washington's public insistence that it would not block the Thai candidate if he emerged as clear favourite.

US officials declined to respond directly to the EU allegations, saying Washington was continuing to seek a consensus candidate and

believed he should be chosen on a "no-vote and no-veto" basis.

Sir Leon's voiced his criticisms in a letter to Mr Mchumo, as eleven-hour efforts by the EU's 15 members to unite behind a single candidate collapsed in confusion.

EU ambassadors in Brussels effectively rejected a statement by the EU's German presidency on Monday that all their governments, except Sweden, favoured Mr Supachai.

Officials said at least five EU members, including Germany and Italy, said they still supported Mr Moore. Eight others were said to prefer Mr Supachai, while France declared itself

uncommitted. Some EU government officials afterwards accused the European Commission of trying to steer the decision in Mr Supachai's favour by appearing to suggest that Mr Moore was too closely associated with US interests.

Mr Ruggiero is due to step down in early May. Failure to agree a successor by then would create serious problems for the WTO, as it prepares for a ministerial meeting at the end of this year that is widely expected to launch a new trade liberalisation round.

WTO members have been trying for more than six months to agree on a new leader from a field consisting originally of four candidates.



British: Anonymous vetoes should be disregarded

NEWS DIGEST

REMEDIAL ACTION ON ACCESS SOUGHT

US ponders taking Japan telecoms case to WTO

Washington will consider taking a case to the World Trade Organisation about access to Japan's telecommunications market unless remedial action is taken by early in June, according to US government officials.

Charlene Barshefsky, the US trade representative, issued the warning after releasing an annual review of foreign countries' compliance with telecommunications agreements. Ms Barshefsky said Nippon Telegraph & Telephone (NTT) continued to charge high interconnection fees to other carriers wishing to offer intra-city services in Japan and complained about the Japanese government's ban against the use of leased lines by carriers already owning their own lines.

Japan's Ministry of International Trade and Industry (MITI) yesterday released its own report on problem trade areas with other WTO members in which it mentioned three new areas of priority concern with regard to trade with the US, including Washington's reinstatement of the Super 301 trade provision. Gautam Malkani, Washington

INTERNET-BASED TELEPHONE SERVICES

AT&T in Shanghai accord

AT&T, the US telecommunications operator, yesterday signed an agreement to provide internet-based telephone services in the Pudong development zone in Shanghai. AT&T signed a framework agreement to offer internet protocol (IP) services in a venture with two Chinese partners.

The contract will include a "virtual private network" in the Pudong district, a special economic zone in Shanghai that China has ambitions to turn into a leading financial and information technology hub.

William Daley, US secretary of commerce, on an official visit to China, observed the signing of the accord and said it would enable a foreign partner to provide telecommunications services in China for the first time. China had barred foreign companies from offering telecommunications services, though some have been operating as consultants or equipment suppliers. James Kyngse, Beijing

EL SALVADOR AND HONDURAS

Deal on regional power grid

El Salvador and Honduras plan to build an electricity interconnection to provide Central America with its first regional power grid. The two countries have agreed to construct the link by 2001 with \$30m of financing from the Inter-American Development Bank.

Lack of an interconnection between El Salvador and Honduras has held up transfer of electricity throughout Central America, making it difficult to cover temporary shortages in some countries. A grid will make the region more attractive for foreign investment in new power generation projects. Several companies are already interested in building plants in El Salvador, which is also planning to privatise some state-run generating plants. The need for interconnection was highlighted in February when the largest power plant in Honduras, supplying half of the country's electricity, was shut after a fire. The country has partially covered the deficit with expensive imported power from southern neighbours. James Wilson, Panama City

Beating software piracy proves to be no soft touch

James Schofield reports from Lebanon on the difficulties of protecting intellectual property

Walid Kadi, owner of one of the largest software stores in Lebanon, picks up the invoice for the 25 computer discs piled on his desk. The originals would sell for between \$50 and \$150. But Mr Kadi has paid only \$1.70 for each.

"This is maybe the only place in the world where you have the choice to buy a copy or the original," Mr Kadi says. "Look at the Microsoft Office 97 Professional. We sell it for \$7. We also sell originals for about \$200 to students and academics and for \$650 to everybody else."

In Lebanon, where 40 per cent of households have a monthly income of less than \$500, it is hardly surprising there are very few takers for the genuine article. The Lebanese government recently brought a new copyright bill before parliament that software manufacturers had hoped would make the thir-

ing trade in pirate software a thing of the past. But before the law was passed, it was amended to allow students and educational institutions to make copies of original software for their own use.

As the experience of other countries in the region shows, solving the problem of software piracy is more than just a matter of legislation. While Egyptian copyright law is said to be among the better ones in terms of compliance with international standards, US-based copyright industries estimate that trade losses as a result of piracy in Egypt rose from \$54.8m in 1997 to \$82.7m last year.

They attribute the reverse to a lack of real improvements in fighting piracy and a failure to impose deterrent penalties.

Lebanese parliamentarians clearly had their own doubts about the law. When the government proposed the bill, it did so out of a conviction that failure to pass a copyright law "consistent with the International Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) would harm its reputation."

Marwan Fares is a Lebanese parliamentarian who

proposed one of the two amendments to the law. "These amendments were introduced to stop science being monopolised," he says. "I am a Christian but you know what Islam says? Nobody can own science. Who owns the Koran, the scriptures, the Bible - or science? They belong to everyone."

Nonetheless, Mr Fares says his concern was with students rather than the

ware Alliance. "One is whether the law is Trips-compliant or not. There are varying issues to be considered, but in no other country do you have an exemption for students."

However, he believes the exemption is not a grave problem, since most computer users are going to be affected by the new law.

"The other issue is enforcement. I can say that

'Look at the Microsoft Office 97 Professional. We sell it for \$7. We also sell originals for about \$200'

general public. "The banks and other businesses will not benefit. We are not against international commerce and industry."

Walid Nasser, a lawyer specialising in intellectual property law, says the law is now "absolutely not Trips-compliant," while accepting that it is, nonetheless, a significant step forward in protecting intellectual property in Lebanon.

There are two issues, says Ashok Sharma, the regional director of the Business Soft-

ware Alliance. "One is whether the law is Trips-compliant or not. There are varying issues to be considered, but in no other country do you have an exemption for students."

However, he believes the exemption is not a grave problem, since most computer users are going to be affected by the new law.

"The other issue is enforcement. I can say that

'Look at the Microsoft Office 97 Professional. We sell it for \$7. We also sell originals for about \$200'

as far as this area is concerned, the real battle is starting now. The question is whether the Lebanese government is going to enforce the law or not."

Dealers say the software manufacturers should explain the big price differential between original software and the raw materials used.

"We know how much profit Microsoft is making," says Abdul Wahab Traboulsi, the owner of a small Beirut business dealing in software sales and network

issues. Mr Traboulsi says if software manufacturers can make music CDs or computer discs for a few cents per copy, they should not be overcharging for their product.

Charbel Fakhoury, the head of Microsoft's new regional office in the capital, counters by claiming that his company charges lower prices than its competitors.

However, he says, the issue of price is actually irrelevant since computer pirates would never keep to a set price if they could get the product cheaper.

"If the product was \$100 and then sold for \$20, for someone who did not respect our copyright even \$20 would be too much," he says.

There is another argument that says that Lebanon cannot afford to buy computer software at the prices paid by people in richer countries. To that, the copyright industry's reply is that Lebanese designers are going out of business because their work is not protected.

Jalal Fawaz is a Lebanese business partner for several larger American computer companies. "Piracy is hurting us much more than it is hurting Microsoft," he says.

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THE AMERICAS

MEXICAN MONEY LAUNDERING CONVICTIONS COULD HAMPER EFFORTS TO ATTRACT INVESTMENT FROM US INSTITUTIONS

Banks find pain lingers after sting

By Henry Tricks and Andrea Mandel-Campbell in Mexico City

Right up to the moment when Mexico's Banca Serfin officially pleaded guilty to money laundering charges in a US federal court, it had two different news releases ready to fire off on the fax. One, announcing the guilty plea. The other saying it would stand trial.

It was hedging its bets to the end, indicating the toughness of a decision that would either stir it as a convicted drug money launderer in the biggest such case in US history, or drag it through a potentially even more damaging trial.

After much agonising, it pleaded guilty late on Tuesday in Los Angeles, as did Bancomer, another of Mexico's three largest banks. They were fined \$500,000. In addition, Bancomer agreed to forfeit \$9.4m of ill-gotten gains, and Serfin gave up \$4.2m.

The fines and forfeitures were just over half the \$35.9m seized from the two banks in the undercover sting operation last May by US customs agents that was carried out without the knowledge of the Mexican government. They were not considered stiff penalties.

Nevertheless, the two banks are now convicted felons in the US, which could complicate their efforts to attract badly needed investment from US institutions



Carlos Ortiz Mens Lopez Negrete (far left), legal affairs director of Bancomer, and attorney Michael Lazarwitz leave Los Angeles federal court on Tuesday

In December the government changed the banking law to permit full foreign investment in Mexico's three largest banks.

Bankers say Grupo Financiero Serfin, which is parent to Serfin, Mexico's third largest bank, may lose a \$88m planned investment by JP Morgan, the US bank, which had been considered a key part of its efforts to stem a drain on capital in the wake of Mexico's 1996 financial crisis.

"Forever more in the history of money laundering, it will always be said that these banks were convicted. The harm done to their reputations is catastrophic," said

Charles Intriago, a former federal prosecutor who publishes the Miami-based Money Laundering Alert.

The two banks, however, won some key concessions from US authorities in return for co-operating with further investigations into the so-called Casablanca operation. US prosecutors said they would put in a good word with the US Federal Reserve, which was expected to enable the two banks to escape a ban on operating in the US. Both banks have branches in the US, and Bancomer has long eyed a US equity issue.

They are also paying less than even they expected.

Bancomer made \$30m in provisions to cover possible penalties. It ended up paying just \$9.9m.

A third indicted bank, Confia, which was bought by Citibank just days before the Casablanca bust, was forced to forfeit \$12.2m, the entire amount seized by US agents. But criminal charges against it were dropped on Tuesday, partly because the bank was in government receivership at the time its employees committed the crimes, according to Alejandro Mayorkas, US district attorney handling the case.

During the three-year probe, mid-level employees from 12 Mexican banks were

persuaded by undercover agents posing as members of powerful drug cartels to launder about \$50m through fictitious accounts. Some were arrested after being lured to a Las Vegas brothel. A total of 115 defendants have been charged.

The case strained US-Mexican drug co-operation because Washington failed to notify Mexico that the banks were under surveillance, fearing such a leak could have put their agents' lives at risk. In February, however, the two countries agreed to share information on ongoing investigations, and tensions have eased.

As part of their guilty pleas, both banks pledged to tighten safeguards against money laundering, even though those put in place in Mexico just prior to Casablanca were widely considered stiffer than US legislation.

"The guilty pleas represent not only the culmination of the (US) government's efforts to hold the banks responsible for the past conduct of their employees, but also signify the government's success in ensuring that the banks join us in our efforts to combat money laundering," Mr Mayorkas said. He declared it "a tremendous victory".

US authorities also said the banks had agreed to provide evidence to help in the conviction of six individual defendants in the case. Jury

selection in Los Angeles in the cases against them was due to start today.

Settlement of the case comes at an opportune moment for the two banks, removing a lingering uncertainty that had added to industry-wide woes over bad lending and a shortage of capital. "The banks have been fined, found guilty and it's over," said Lacey Gallagher, a sovereign risk analyst at Standard and Poor's.

For the banks, the harm done to their reputations is catastrophic

the US ratings agency. Both banks said there were no risks to their existing foreign partners. HSBC holds a 20 per cent stake in Serfin and the Bank of Montreal owns 16 per cent of Bancomer.

Another banking analyst, Carlos Gómez of Citibank Global Asset Management said the end of the case would enable both banks to re-access international capital markets, though borrowing is difficult for private Mexican institutions.

"It is best that they settle this issue and just forget about it," he said. "More than anything it is an image question."

US factory orders show sharp fall

By Gautam Misra in Washington

US factory orders fell at their fastest monthly rate in nearly four years in February, the Commerce Department said yesterday.

Weaker demand in the volatile aircraft sector helped push orders for manufactured goods down 2.5 per cent from the previous month to a seasonally adjusted \$340.5bn, following a revised 1.5 per cent rise in January.

The department also said the economy grew at a seasonally adjusted 6 per cent annual rate in the final quarter of last year. This was slightly down from the 6.1 per cent it had previously estimated for that quarter's gross domestic product, but was ahead of the 5.7 per cent increase in the third quarter.

While the strong growth figure indicates the economy remains resilient, estimates of corporate profits after taxes fell by 1 per cent in the fourth quarter, the fourth decline in five quarters. For 1998 as a whole, profits fell 2.2 per cent, the first full year decline since 1988.

Dave Huether, director of economic analysis at the National Association of Manufacturers, said figures for factory orders did not indicate emergence of a downward trend because orders for big-ticket items vary widely. "Today's report may lead some to believe manufacturing is headed for troubled waters, the decline in February's new orders was caused more by a rogue wave than a major economic storm," he said. "Because new orders can be filled out of current production..."

Canada lowers rate to 5%

Canada's central bank lowered its benchmark bank rate to 5 per cent yesterday to boost domestic consumer and capital spending, the first time in two years the central bank has eased rates without the US acting first, writes Edward Alden in Toronto. The one-quarter percentage point cut had been expected after several months in which Canada's inflation rate fell below the 1 per cent to 3 per cent target range set by the Bank of Canada. The Canadian dollar was unchanged at 66.2 US cents in early trading yesterday.

Financial markets had largely priced in the anticipated cut, with Canadian bond yields last week falling below US yields on short-term and long-term issues. The Bank of Canada was forced last August to raise overnight rates by a full percentage point to stem a fall in the Canadian dollar.

A better measure of future activity was unfilled orders. These fell 0.4 per cent.

The Commerce Department said the GDP figure was driven by upturns in exports, producers' investment in durable equipment and the acceleration of consumer spending on durable goods.

However, these were moderated by a downturn in inventory investment, an acceleration in imports and a slower consumer spending on services.

On the web today

- A place in the sun at last for an Arctic nation • US court cases set to test limits of federalism • Ecuador inflation hits 54% • Mexico's PRI elects new leadership http://www.ft.com/americas

Bankers see Colombia's forex market shrink

By Adam Thomson in Bogotá

Colombian bankers are still trying to fathom the logic behind a recent constitutional court decision which has unwittingly dried up the country's interbank and foreign exchange markets.

Three weeks ago, the court decided to extend a temporary 0.2 per cent tax on banking transactions - ushered in by the government last November - to include the interbank market.

The ruling has reduced the

interbank market, an important source of short-term financing, to average daily volume of 160bn pesos (\$86.4m) from 600bn pesos previously. It has shrunk the dollar market to a token \$30m a day from earlier levels of \$300m.

The virtual disappearance of the market poses new problems for the economy. The sudden lack of an interbank market has started to put pressure on interest rates, just when lowering them is considered essential for dragging Col-

ombia out of recession. High rates throughout last year are held mainly responsible for a 1998 GDP growth of just 0.2 per cent, the worst since 1942.

The central bank and the government have worked to lower the rates in recent weeks, and have reduced benchmark rates by more than 12 percentage points since November.

Last week, the interest on the government's domestic bonds rose three percentage points. Since the court's

decision, the rate of decline in interest rates has petered out.

The decision comes at one of the worst possible times for the country's financial sector. Past due loans in the financial sector have risen to 12.1 per cent of total loans, against 6 per cent just over a year ago. The figure is now the highest in the region.

Analysts fear the tax could further widen the difference between borrowing and lending rates, considered too high at 8.1 percentage

points. In Chile, the difference is half that.

"The decision hurts the banks, precisely the sector the tax was designed to help," said Stephen Edkins, senior analyst at Santander Investment's Bogotá office.

To counteract the decision, President Andrés Pastrana's government recently presented Congress with a proposal to extend the tax for a further 12 months, beyond its original expiry date of December, but to exclude interbank transactions.

The central bank, immune from the constitutional court's decision, has had to adopt a more expansionary monetary policy to offset the onerous effects of the tax.

Some analysts believe the central bank's greater expansionary tack could "overshoot", translating into future volatility on the exchange rate market.

Yet while central bank directors defend their actions, they admit the future is not as predictable as they would like.

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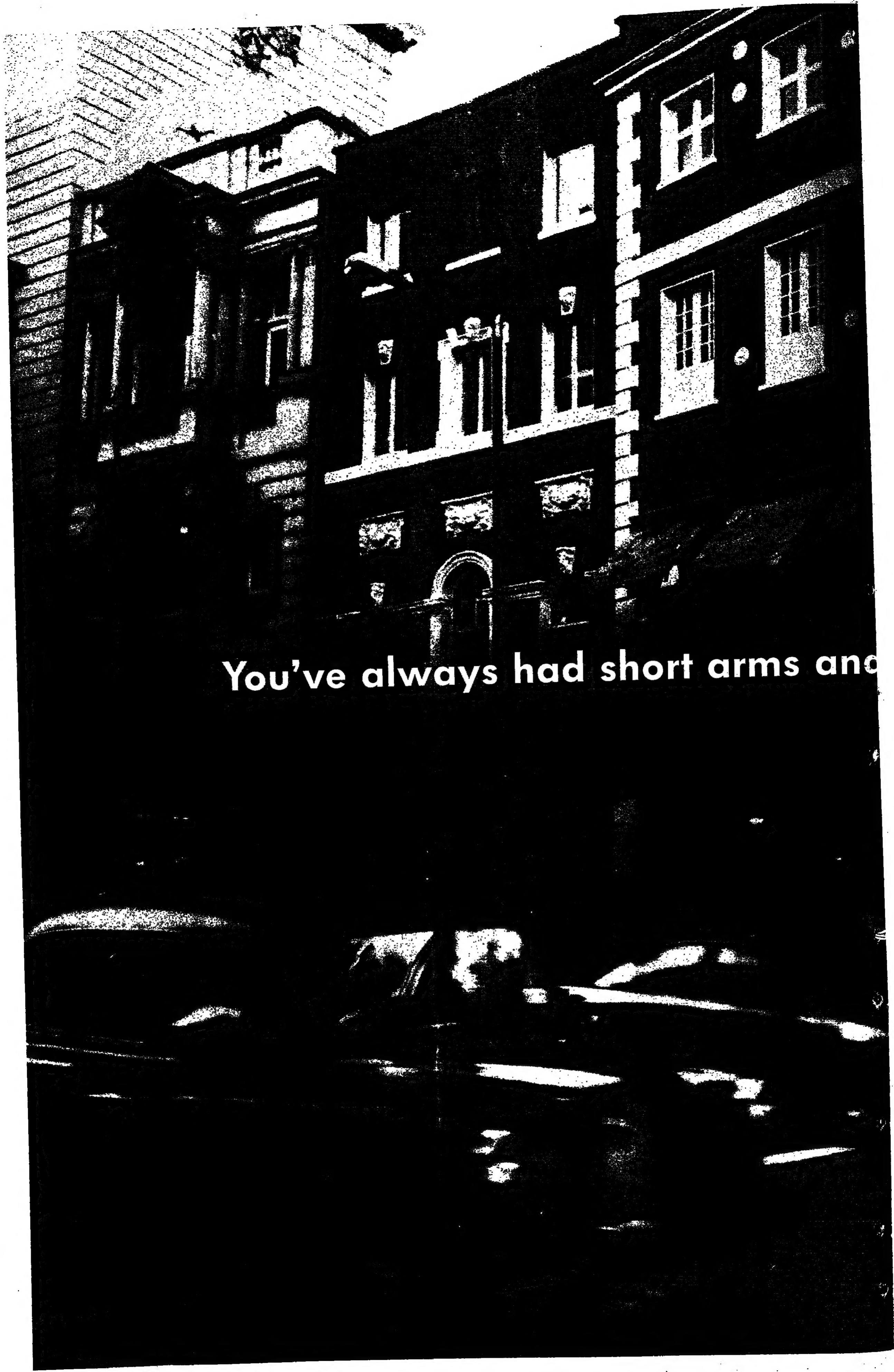


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TECHNOLOGY

Peer review needs care, not neglect

In the second of a series on how scientists regulate themselves, Tom Barlow argues that the traditional method of appraisal should not be discarded despite its inherent flaws

for vetting what is worth reading and, more importantly, what is worth trusting.

It is important that such a method is, as far as possible, objective. Is that possible? Laura Garwin, North American Editor of Nature, says: "Scientists are only human, so it would be a foolish editor who did not admit that the process was not always objective. What editors try to do is to filter out or compensate for whatever subjectivity there is."

A good editor will do this in a number of ways: through the selection of appropriate referees (for example, by allowing the author to exclude a limited number of people from the pool from which their referees can be drawn); by reading the reviews carefully, to ensure that good reasons are given for acceptance or rejection of a manuscript; and by giving the authors the opportunity to appeal against a negative decision should they wish.

At the end of the process, a paper that has been reviewed may not be perfect. (Indeed, it may be fraudulent, or full of unperceived errors - things will always slip through the net.) But clearly a peer-reviewed paper is more likely to be dependable than a paper that has not been reviewed.

Because scientists often distribute pre-prints of their papers before they have been accepted for publication, the scientific community can give the impression that peer review is irrelevant.

"By the time a paper is in print, either everybody already knows about it or it's not worth knowing," says Susan Cooper, professor of experimental particle physics at Oxford University.

"But, everybody knows the danger of believing a pre-print too much, so (until it is published) we take things with a grain of salt and might be reluctant to quote it. People do value the final version more highly," she says.

That, ultimately, is what makes peer review useful, both to the public and to the scientist.

It may not be perfect - it is subjective and open to abuse - but it is more likely to get things right than not. That may not inspire blind faith in either the results of science or the direction it is going, but it is good enough to foster some degree of our trust.

The series continues next Thursday with an article on fraud in science.

Science under scrutiny

Science often seems an inexorable process, no more governable than a flowing river or a steadily rising flood.

But whichever image you prefer - the one that takes us somewhere or the one that forebodes an eventual drowning - both are wrong in the way they suggest science is something that "just happens" outside human control.

In fact the steering of science - most of it anyway - is carried out by a procedure called peer review. This term means just what it says: a group of scientific peers (in the sense of equals) will review a project, person or paper and assess whether it is good enough to receive funding, a job or publication.

The peer review process itself is important because science about whether to invest in molecular biology or taxidermy, immunology or vitalism, particle physics or astrology, neurophysiology or mesmerism are of considerable importance to the future of society.

We want the best people doing our research. And we also need to know which research, once it is completed, we can trust.

Peer review provides a mechanism, possibly the best mechanism there is, for making these sorts of decisions - but that is not to say that the reviewers will always get it right. For the system to work well, peer reviewers must be expert, independent and ethical.

The importance of expertise should be obvious: it is very difficult to assess an experiment that uses nuclear magnetic resonance spectroscopy to analyse protein folding, if you don't know the first thing about spectroscopy or proteins. Independence is similarly crucial: without it one might, for example, be tempted to reject a grant proposal or a submission to a journal if it is opposed to one's own pet theory. Independence is becoming a problem in certain areas of big science.

In experimental particle physics and some areas of molecular biology, for example, it is sometimes difficult to find reviewers who do not stand to benefit in some way from the award of the very grant they are trying independently to assess.

Being ethical, however, is the most important characteristic of a reviewer. Ben Martin, director of the Science Policy Research Unit at Sussex University, says: "I am aware of a couple of instances where ideas were pinched from proposals then re-used by the reviewer for their own proposal... I am also aware of one or two cases in which the papers were held up while reviewers made use of them for their own papers."

Although he is quick to point out that only a tiny minority of peer reviewers behave in this unethical way, Professor Martin says the numbers are increasing, almost certainly as a consequence of the growing intensity of competition in science.

"When success rates for grant proposals are down at the 20 to 30 per cent level, that encourages fraudulence and unethical behaviour," he says.

The only way to deal with these "less than scrupulous scientists," Prof Martin says, "is through openness and transparency - look at the situation thoroughly and make the results public as a way of warning the others."

Other forms of unethical behaviour in peer review may be perpetrated

unconsciously. Two years ago, researchers at Göteborg University in Sweden published a paper in the journal Nature, presenting some pretty strong evidence that the peer review system of the Swedish Medical Research Council was sexist and nepotistic.

Unfortunately for the Swedish MRC, it seemed that women had to be 2½ times more productive than men to get an equivalent ranking by peer review. Not only that, a woman applicant could seemingly "make up" for her gender if she knew someone affiliated with one of the reviewers.

The women in the study

'Fraudulence needs to be tackled through openness and transparency'

did not come disproportionately from less renowned universities or low priority areas of research, nor were they any less likely to have collaborated with academic decision-makers.

In the absence of any other explanation, the authors concluded that the peer review system in the Swedish MRC discriminated against women.

Agnes Wold, a researcher in the Department of Clinical Immunology at Göteborg University, and one of the authors of the Nature paper, says that since the publication of her paper, the Swedish MRC (which, initially, was astonished by her results) has conducted a further study of its own.

Since then, "women and men have had the same success rate both for grants and positions, and presumably for money too," she says.

It is pleasing to know that a peer review system can reform itself. What is particularly interesting, however, is that the system thought it was objective when it was not. This is an issue that is particularly important in the appraisal of research for publication.

Science proceeds rapidly because scientists are able confidently to build on the work of others. This requires a level of trust and a belief that what others have done is reliable. Some method is required



A visit with the loony...

New business horizons

As Malaysia welcomes you to its state-of-the-art 'Airport in the Jungle' a Kuala Lumpur executive is likely to urge you to explore the surrounding scenery as well as his favourable investment incentives. With a tropical rainforest next door, and breathtaking countryside and coastal plains all along the highway, this could turn out to be one of your most pleasurable business trips ever. There are many ways to broaden your horizons in Malaysia.

Find out more about Malaysia's momentum by reading the feature in FT Weekend section on Saturday



TECHNOLOGY WORTH WATCHING

Bug buster blamed for resistance

Concerns are growing about triclosan, the general purpose anti-bacterial and anti-fungal agent used in a vast array of household products, from toothpaste to tea towels.

The fear is that its widespread use is fostering antibiotic resistance. Scientists believed triclosan acted in an insufficiently specific way for resistance mechanisms to evolve against it until Nature, the science journal, published research showing that triclosan is a potent inhibitor of a bacterial enzyme in the synthesis of fats.

A follow-up analysis, published in today's Nature, underlines the concerns about triclosan. Researchers at the University of Sheffield showed that triclosan inhibits the enzyme at very low concentrations. They also proposed a series of biochemical steps by which E.coli bacteria could become resistant to the chemical. University of Sheffield: UK, tel 0114 222 2000, e-mail d.rice@sheffield.ac.uk

Genes put pain under control

Researchers in the US have shown for the first time that gene therapy can be used to control pain in animals. The development could lead to new treatments for chronic pain associated with conditions such as cancer, arthritis and angina. The researchers at the

University of Pittsburgh and the University of South Carolina treated mice with a herpes virus containing a gene that triggers production of a pain-blocking protein. The gene appeared to act on C-type neurons, which are thought responsible for slow, burning pain.

The researchers hope that within a few years they can devise a treatment that is effective, non-addictive and without the side-effects associated with conventional narcotic-based pain relievers. The study is published in the March issue of the Proceedings of the National Academy of Sciences. University of Pittsburgh: US, tel 0014126242607; http://www.pitt.edu/rup/pngt

Cancer answer in the tea leaves

Drinking green tea has long been associated with a reduced risk of cancer. Green tea has also been shown to inhibit particular types of tumours in animals.

A report in today's Nature gives a clue about the way green tea may affect cancer. Researchers at the Karolinska Institute in Stockholm have identified a component of green tea, epigallocatechin-3-gallate, which prevents the growth of new blood vessels, an important process in tumour growth. Other diseases linked to the growth of new blood vessels, such as certain eye conditions associated with diabetes, might also be inhibited by drinking green tea. Karolinska Institute: Sweden

tel +46 8 728 7596, e-mail ythai.cao@mitc.ki.se

Polymers that may save lives

Deaths in aircraft accidents could be reduced by the use of novel polymers that are more fire-resistant than existing materials, according to US researchers. Many of the polymers now used in walls, seats, windows and other parts of the aircraft decompose to produce flammable gases.

Scientists at the University of Massachusetts and the Federal Aviation Administration in the US have identified a polymer, polyhydroxyamide (PHA), that tends not to decompose when heated.

The small proportion that does decompose is converted to water and another fire-resistant polymer. Researchers are also looking for other applications for PHA, including military uniforms. American Chemical Society: US, tel 202 8724445; e-mail y_marshall@acs.org

Vanessa Houlder Medeva

Since 1996 Medeva has made and continues to make the appetite suppressant phentermine, not fenfluramine as reported on March 29. Fenfluramine and dex-fenfluramine were voluntarily withdrawn from the US market in 1997. Phentermine has not been withdrawn from the market.

سكزا من الاموال

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Thursday April 1 1999

Immaculate coercion

War in Kosovo has sharpened the US debate about whether you can be a superpower and not put your soldiers' lives in danger. Gerard Baker reports on the world's reluctant policeman



Deliberate use of force

Nato has rejected President Milosevic's offer to pull back some of his troops from Kosovo in exchange for the allies stopping all their strikes on his country. Even on military grounds, the offer was plainly lopsided, and Nato was right to brush it aside.

The alliance has responded by broadening the number of its targets. But, as it goes into an eighth day of bombing in a campaign that may last weeks more, it must continue to try to avoid military action that risks civilians, exacerbates the Kosovo Albanian refugees' plight, jeopardises western public support or alienates Serb opinion forever. It is a tall order.

Regional muddle

John Prescott says the eight English regional development agencies that begin life today will be "economic powerhouse", helping to increase prosperity, generate wealth and improve the quality of life.

Taken with the regional chambers, comprising councillors and others, that will oversee RDAs, the deputy prime minister says the government is "moving forward the principle of regional democracy".

Political expectations in the English regions are likely to be greater than these bodies' capacity to deliver, particularly in the highly charged climate that surrounds the creation of the more powerful Scottish parliament and Welsh and Northern Irish assemblies.

Thailand's deficit

The International Monetary Fund has sanctioned a budget deficit of 6 per cent of gross domestic product in Thailand in a measure of just how far the Fund's attitude has changed since the start of the Asian crisis.

Meanwhile the government's banking reform programme, announced last August, has met with little success. Banks have been reluctant to accept government money for recapitalisation, as this would mean a large financial penalty (in terms of early provisioning) and the dilution of ownership.

But a consumer spending boom is not enough to create a sustainable recovery, particularly with weak global growth, and the region plagued by oversupply. And crucially, the economy can only start to return to normal when its huge private debt overhang has been resolved.

The US-led Nato bombing campaign against Yugoslavia may have failed so far to achieve most of its objectives, but it has met one critical US goal: not a single American life has been lost in the first week of combat.

In Kosovo - as elsewhere in the Balkans, as in Iraq and Africa, and even in the global fight against terrorism - the Clinton administration's military objectives have once again been heavily constrained by the perceived need to avoid US casualties at almost any cost.

As a result, the Nato operation has so far been largely an extended version of the now familiar "Nintendo War" favoured by the world's only superpower - remote control bombing that minimises, or ideally even eliminates, the risk to American lives.

It is this overriding objective that explains why the US has set its face so firmly against the use of ground forces in Kosovo if Nato fails, as most strategic analysts believe it will, to bomb Slobodan Milosevic into submission.

From the start, the major European allies in Nato have been clear that Kosovo is too serious a matter for the Europeans to use as a test-bed for the "European security and defence identity" - that ambition of some European politicians one day to partner (even rival) the US in some parts of the world.

At the moment, what this means is that if the US will not field ground troops in Kosovo, neither will the Europeans. They were particularly insistent on that point earlier this year when Nato was planning the make-up of its mooted peacekeeping force.

There are, however, signs of friction more Teutonic, the car company's trying everything to convince investors that it's at least half American.

The merged Standard & Poor's 500 Index because it's incorporated in Germany, and it's lost nearly half of its US investors since Daimler and Chrysler were joined in matrimony in November.

Still, some of its efforts are bearing fruit. Pure-bred German car companies still have conferences of Wagnerian length - occasionally complete with self-immolation scenes - but yesterday DaimlerChrysler clocked in at a zippy two hours.

And joint boss Jürgen Schrempf has traded in his silver glasses for a pair of horn-rimmed spectacles that would grace the face of any Wall Street broker.

But Observer can't help feeling that there's still a fair-sized fly in the ointment. The buffet didn't include hamburgers and not a drop of Coca-Cola was to be seen.

Quelle coincidence that Belgian financier Baron Albert Frère should emerge as a sizeable shareholder in Bouygues, the French group with fingers in the construction and telecommunications pies.

Polls suggest only a minority of Americans think stopping the strike in Kosovo is worth any significant loss of US lives. They are prepared to commit forces when they think US national interests are directly threatened, but not to settle some far-off ethnic dispute in a country most cannot even place on a map.

When, early in his presidency, Mr Clinton kept US forces in Somalia, sent initially by his predecessor George Bush to make peace between warring factions, there was lukewarm support at home. But when an American soldier was killed and US television viewers woke to the spectacle of his body being dragged through the streets of Mogadishu, public support for the campaign collapsed overnight.

Mr Clinton's freedom of manoeuvre has been further limited by an increasingly sceptical congress. In both main political parties, powerful isolationist tendencies are at work.

Democrats have been leery of most international adventures. And last week in the Senate, Republicans - the party of George Bush, Ronald Reagan and Richard Nixon - voted by a two-to-one majority against even the use of air strikes against Serbia.

Mr Clinton's supporters also say he has worked to explain the need for US engagement overseas to a sceptical domestic audience. They point out that he has authorised military action on more occasions than any president since the Vietnam War.

While they acknowledge that Americans have always been nervous about foreign wars, and have become more so since the end of the cold war, they argue that the Clinton administration's diplomacy has been haphazard at best.

"From day one, Clinton gave foreign policy a very low priority", says Lawrence Korb, a national security specialist at the Council on Foreign Relations.

"It's the economy stupid," may have been the reason he got elected," Mr Korb adds, "but it should not have meant the relegation of foreign policy in government."

Indeed, Mr Clinton was elected at least partly because his predecessor was seen as too focused on events overseas, even as the US economy was tumbling into recession. And Mr Clinton's own uncertain relationship with the military has probably not enhanced his leverage in America's global role.

But he has clearly been much more effective at mobilising domestic support for these, fundamentally economic international policies, than he has at the more narrowly political or security issues.

And perhaps, most of all, as Mr Haass argues, Mr Clinton does not seem to have tried hard to educate the American public at critical moments in the need for a US global role.

"Of course the American people are sceptical of engagement in obscure foreign parts," he says. "But that just increases the need for the president to explain in detail at length, and with real commitment, why, sometimes, non-engagement is not an option."

Additional reporting by David Buchan

OBSERVER

Hell hath no fury
It was, by all accounts, a glittering affair - apart from the torrential rain. But at the recent mogul-in-the-making Lachlan Murdoch and Australian model Sarah O'Hare the thundercloudburst weren't so confining to the sky.

The 20-something son of News Corporation boss Rupert Murdoch finally got hitched in deepest New South Wales, away from the inquisitive gaze of the world's paparazzi. The 70 guests - who did not include Murdoch senior's new girlfriend, TV executive Wendy Deng - were wined and dined in a Moroccan-themed marquee before walking and tangoing the night away.

But Anna Murdoch, who's entangled in a bitter divorce battle with Lachlan's dad, wasn't going to let the assembled friends and luminaries slip off back to their beds without a wry aside aimed at her husband of 37 years. La Murdoch took the stand for her speech with the quip: "Now I have the microphone and one man in the room must be rather nervous."

Revenge, you'll remember, is a dish best served by lawyers.

Apple pie
DaimlerChrysler wants to lose its accent. Royally fed up with talk that it's becoming more and

more Teutonic, the car company's trying everything to convince investors that it's at least half American.

The merged Standard & Poor's 500 Index because it's incorporated in Germany, and it's lost nearly half of its US investors since Daimler and Chrysler were joined in matrimony in November.

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Quelle coincidence that Belgian financier Baron Albert Frère should emerge as a sizeable shareholder in Bouygues, the French group with fingers in the construction and telecommunications pies.

After all, just a week ago the Baron's friend Bernard Arnault,

Financial Times 50 years ago

Churchill on Technology
Mr Winston Churchill, speaking before the Massachusetts Institute of Technology, said that industrial production depends upon technology. "It is because the Americans, like the pre-war Germans, have realised this and created institutions for the advanced training on numbers of high-grade engineers that their output per head and consequent standard of life are so high."

End Of The Andes Pact
Buenos Aires, March 31. It is understood that the Argentine Government will formally give notice to the British Government to-day that by virtue of the expiry of the Andes Agreement to-night it will proceed to refund to the United Kingdom the amount by which shipments from the Argentine under that agreement have fallen short of the amount stipulated. One lesson at least has been clearly demonstrated by the experience, that Government are not the ideal protagonists in a bargain about prices and terms of delivery. The Argentine Government is able to interpret the agreement in ways the British negotiators certainly never intended.

Pretty face
Jill Barad may be seven years older than Barbie, the doll whose fortieth birthday comes this year, but the chairman and chief executive of Mattel seems determined to drag the wasp-waisted womanette into the 21st century.

Prayer power
It could only be in Colombia. A growing Easter-week industry might put a dent in the profits of the country's flak jacket pushers. Left-wing guerrillas, right-wing paramilitaries and plain old soldiers are getting on down with a ritual which - it's said - makes them invulnerable to flying projectiles.

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COMPANIES & FINANCE: EUROPE

ITALY CEO ADDRESSES ANALYSTS AFTER GROUP SELLS TELECOM ITALIA STAKE PRIOR TO RAISING HOSTILE BID

Olivetti speaks of 'error' over share sale

By Paul Betts in Milan

Olivetti yesterday attempted to mount a damage limitation exercise after surprising the markets on Tuesday by disclosing it had sold 24.4m Telecom Italia shares the previous day...

Antonio Tesone, the chairman, were summoned by Consob, the stock market regulator, to explain the Telecom Italia share sale.

rules. Olivetti should have disclosed the transaction on Monday, the same day as it launched its sweetened €11.50 a share offer.

Mr Bernabe also launched an advertising campaign in Italian newspapers to persuade Telecom Italia's shareholders to vote in favour of his industrial strategy and defences against Olivetti at the company's shareholder meeting on April 10.

The government confirmed it would adopt a neutral stance at the meeting. The Treasury still holds a 3.4 per cent stake but is considering selling it to institutional investors.

"another favour to the group of raiders". Olivetti is also understood to be coming under increasing pressure from Consob to publish its bid prospectus before the Telecom Italia shareholders' meeting...

Price-watching shareholders may hold the casting vote

The fate of Europe's biggest corporate takeover will be decided at a series of crucial meetings next month, says Vincent Boland

The takeover battle between Olivetti and Telecom Italia, for long a phony war, is starting to get serious ahead of crucial shareholder meetings next month that will decide the fate of Europe's biggest corporate takeover.

up to 10 per cent of Telecom Italia's shares, and convert non-voting savings shares to voting common stock.

Investor reaction was "very positive", he said. But he admitted his original plan to acquire the rest of TIM using Telecom Italia shares had "perplexed" the market.

Mr Bernabe bowed to shareholder pressure last weekend and agreed to pay cash for the 40 per cent stake, which will cost €32.9bn (US\$24.6bn).

versal favour from Telecom Italia shareholders. Some said it was a "poison pill", despite the value-enhancing addition of extra leverage to Telecom Italia.

However, a key factor in deciding which way institutional shareholders will vote will be their perception of what might happen to Telecom Italia's share price if Olivetti's bid were thwarted.

Mr Bernabe 'got a very good response in Italy and a fairly favourable response from international investors'

buyout of TIM. Those watching the takeover battle closely say that in theory the target should be achievable but there are several complicating factors.

Mr Bernabe "got a very good response in Italy and a fairly favourable response generally from international investors" to the revised defence strategy, a London-based institutional shareholder said yesterday.

First, some 34 per cent of Telecom Italia is owned by domestic retail investors who rarely exercise their

voting rights. Second, about 36 per cent is owned by international institutions, many of which also own Telecom Italia savings shares or shares in TIM.

Third, the Italian government, Telecom Italia's single biggest shareholder, has said it will not exercise its voting rights in respect of its 3.4 per cent stake.

That leaves Italy's domestic institutional staff and core shareholders as Mr Bernabe's key targets in wooing support for his measures.

FINANCIAL SERVICES INSURANCE PERFORMANCE NOT MATCHED IN BANKING, SECURITIES

Acquisitions lift ING profit

By Gordon Cramb in Amsterdam

Acquisitions in insurance enabled ING, the Dutch financial group, to achieve 21 per cent growth in annual net profits to €1.58bn (€2.87bn, \$2.87bn) amid what Godfried van der Lugt, chairman, yesterday called "the most turbulent year in its history".

all but ended. "The first results can already be felt, in a positive sense," he said. But ING Barings would not reach the group's 12 per cent target for return on equity until 2001.

On the outlook for the group as a whole, he said economic conditions remained uncertain, and that an earnings forecast would, at the earliest, come at the annual meeting in May.

Mr van der Lugt said financial markets had performed not unfavourably in the first quarter that has just ended.

ING set aside €1.2bn for loan losses in banking, where a global economic upturn pushed divisional operating earnings down 37 per cent to €1.77bn.

He described the amount added to provisions last year as exceptionally high, saying the 1998 sum should return to more normal levels.

The ING chief said the group remained on the lookout for a multi-billion dollar acquisition in US life insurance. About a third of the purchase price could be funded in cash, although more could come from a

sale of portfolio holdings. Equitable of Iowa, taken over in 1997, contributed €1.282bn to its €1.456bn operating result from insurance, bringing in new premiums worth €1.732bn. Total premium income at €1.45.08bn was ahead by €2.5 per cent.

Amid consolidation in international financial services, Mr van der Lugt said he did not exclude an even-



Godfried van der Lugt: 'Our risk profile was too high - we must be honest in admitting it'

Watchdog to probe Yukos

By John Thornhill in Moscow

Russia's Federal Securities Commission, the stock market watchdog, yesterday launched a full-scale investigation into allegations that Yukos, the giant oil group, had violated minority shareholder rights.

The dispute is seen as a critical test of Russia's corporate governance regime, which has been sullied by a string of investor scandals.

Dmitry Vasilyev, head of the securities commission, said he had launched his investigation after receiving complaints from minority shareholders in Yukos and three of its daughter companies.

Yukos, which claims its restructuring plans are perfectly legal, said it would fully co-operate with the securities commission's investigation. The company argues that its recapitalisation plan is designed to simplify its complicated ownership structure.

Outside investors have protested that a series of planned rights issues by the three daughter companies would massively dilute minority shareholders' inter-

ests and transfer most of the group's value to obscure, offshore funds. "We are concerned that the assets being transferred to these offshore companies may be irretrievably lost from Yukos and the production subsidiaries," said Delwa, the Japanese bank, which owns 14 per cent of Yukos's equity.

ESSELTE ANNUAL GENERAL MEETING. Shareholders of Esselte AB are hereby invited to attend the Annual General Meeting of the Company to be held at 4.00 pm on Wednesday 21st April, 1999 World Trade Centre, at the conference department in Section 12, Kungshusetten 78, Stockholm.

Merger failure cause disputed

By Gordon Cramb in Amsterdam

Aegon, the Dutch insurance group, and AOT, a leading market-maker in Amsterdam stocks, yesterday disputed the reasons for a last-minute collapse in AOT's planned merger with Bank Labouchere, an investment bank owned by Aegon.

Mr de Boer's decision as surprising and disappointing. He said there had been no clash of culture between the two sides, nor had other problems been encountered. "I can say with certainty that no skeleton has emerged from the closet," he added.

The deal was aborted on Tuesday night after Saker de Boer, AOT chairman, said he did not want to serve for any length of time as a director of the combined entity.

According to Jos Streppe, Aegon's director of group finance, Mr de Boer left for reasons of his own. Without him to rally his traders, however, the operation would have been vulnerable to mass defections by valuable senior staff.

But Mr de Boer, pointing out that he had the support of his own board, said he had become concerned about an operational structure of which details had only recently become clear.

Aegon had intended to hold an initial stake of some 57 per cent in Bank AOT Labouchere. It planned to reduce that holding later, as part of a move to focus on life assurance and pensions.

Mr Streppe said it would now retain full control of Labouchere at least for the rest of this year.

Labouchere has assets of €1.9.42bn (€4.27bn, \$4.80bn) and foreign operations in Geneva, London, Luxembourg and New York. Net profits rose 88 per cent last year to €138m.

BNP bid for rivals is official

By Samer Iskandar in Paris

The takeover battle between France's three largest listed banks entered a new phase yesterday, with the official launch of hostile bids by Banque Nationale de Paris for its rivals Société Générale and Paribas.

or for any other institution to approach them, until BNP's offers had cleared all regulatory hurdles. The three offers - BNP's unsolicited bids for SocGen and Paribas, and SocGen's agreed bid for Paribas - will run in parallel for an estimated 35 business days.

For the first time since the twin takeover bids were announced last month, yesterday's publication of BNP's detailed offers allows the targets to counter-attack. It also opens the door to a potential white knight bidder for SocGen or Paribas.

Under French regulations, it was illegal for any of the protagonists to change the terms of its existing offers.

NEWS DIGEST

GERMANY

Preussag restructuring brings strong rise in sales

Shares in Preussag, the German tourism and industrial group, rose by 5 per cent yesterday after the company announced strong first-quarter sales and predicted an excellent result for the whole year. Preussag said sales in the first three months of its 1998-99 business year, which will end in September, had risen to DM7.4bn (€3.78bn, \$4.07bn) from DM4.9bn. The Hannover-based group cautioned that the figures were not directly comparable because it had restructured its business interests so radically in the past year.

MEDIA

Mediaset sees earnings leap

Mediaset, the commercial television group controlled by Silvio Berlusconi, the former Italian prime minister, yesterday reported a 19 per cent increase in 1998 consolidated net profits to L551bn (€284m, \$306.2m) on an 8.8 per cent rise in net revenues to L 3,653.6bn. The media company, which recently forged a European television partnership with Germany's Kirch group, said the first quarter of this year was encouraging with a 10 per cent rise in advertising revenues. Paul Betts, Milan

INSURANCE

Winterthur lifts market share

Winterthur, Switzerland's biggest insurance company, increased its market share from 21 per cent to 24.8 per cent in its first full year after its acquisition by Credit Suisse, Switzerland's second biggest bank. The insurer, which had already reported a 31 per cent rise in operating profits, said the increased market share reflected the benefit of the access to Credit Suisse's customer base and its distribution channels. Credit Suisse referred over SF1.5bn (\$1bn) of individual life premiums to Winterthur and the latter's sales force generated almost 10 per cent of Credit Suisse's new mortgages. One of Winterthur's top priorities in 1999 will be to find a partner to help it exploit Germany, its second biggest market, following Commerzbank's decision to link up with Generali, an Italian insurer. William Hall, Winterthur

FRANCE

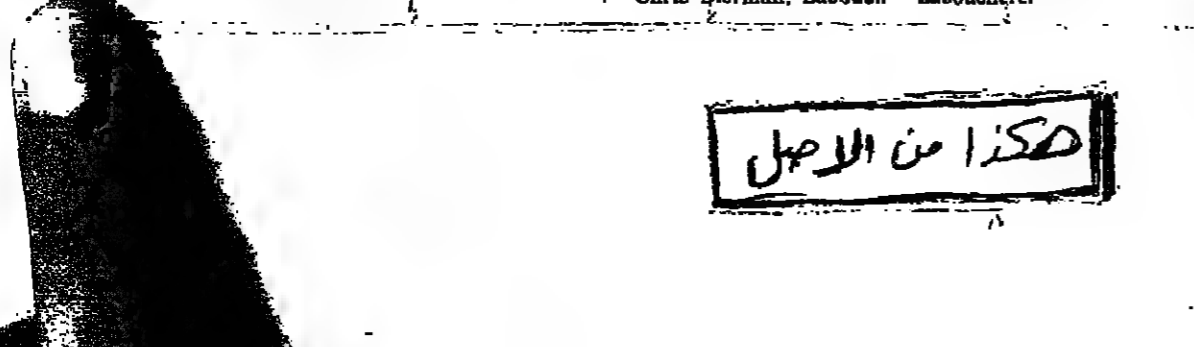
Frère takes stake in Bouygues

Bouygues, the French construction and communications group, yesterday disclosed that Baron Albert Frère, the Belgian financier, had taken a 1.1 per cent stake in the company. Martin Bouygues, chairman, said he had learnt of Mr Frère's entry into the group's capital "by rumour" on Monday evening. The Frère camp had no comment on the situation. But the disclosure sparked interest because it came just a week after the news that Bernard Arnault, the LVMH chairman, had taken a 4 per cent stake in Bouygues. That announcement initially appeared to represent a new escalation of the battle between Mr Arnault and François Pinault, whose family holding company, Artémis, is a leading shareholder of Bouygues.

Mr Pinault emerged two weeks ago as a white knight for Gucci, the Italian fashion house, in which Mr Arnault had accumulated a large minority stake. The LVMH chairman responded by making a full bid for Gucci. But Mr Arnault's advisers said his Bouygues investment had been held "for several weeks" and had "nothing to do with the battle for Gucci". Mr Pinault moved to centre-stage at Bouygues last year when he bought a 12.6 per cent stake from Vincent Bolloré, another French businessman, to become its biggest shareholder. He subsequently concluded a three-year pact with Martin and Olivier Bouygues. Bouygues shares yesterday climbed 1.9 per cent to close at €257. Yesterday's developments came after the construction group reported a 29.8 per cent decline from FF775m (€115m, \$123.8m) to FF530m in net attributable annual profit. David Owen, Paris

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The India I.T. Fund Ltd. The Board of Directors of The India I.T. Fund Ltd. is very pleased to announce that the Fund has been ranked Number One among Indian equity funds for the year ended on 31st December 1998 in the Lipper International Closed-End Fund Service. The Fund invests predominantly in the equity of Indian Information Technology companies.



All these securities have been sold. This announcement appears as a matter of record only.

March 1999

U.S. \$8,000,000,000



AT&T CORP.

U.S. \$2,000,000,000
5.625% Notes due 2004
Price 99.532% per Note

U.S. \$3,000,000,000
6.000% Notes due 2009
Price 99.765% per Note

U.S. \$3,000,000,000
6.500% Notes due 2029
Price 98.936% per Note

Joint Book-Running Managers

Merrill Lynch & Co.

Salomon Smith Barney

Blaylock & Partners, L.P.

BNY Capital Markets, Inc.

Chase Securities Inc.

Deutsche Bank Securities

First Chicago Capital Markets, Inc.

Lehman Brothers

J.P. Morgan & Co.

NationsBanc Montgomery Securities LLC

FRIDAY APRIL 2 1999
DIGEST
Structuring
19 rise in sales
earnings leap
market share
stake in Bouygues
official
Fund Ltd.

MHI to reshuffle management after loss



TO ALL STOCKHOLDERS OF TELECOM ITALIA

OPEN LETTER FROM FRANCO BERNABÈ.

I wish to address all stockholders who are interested in the future of this Company, which is one of the largest telecommunications operators in the world.

Three months ago I was called to Telecom Italia to develop its great growth potential and to create all the value the Company is capable of, which is substantial. I accepted this assignment as a personal challenge, and as a natural continuation of the engagement that I brought to a successful conclusion at ENI, which is very similar to the current one.

Together with Management I developed a competitive Industrial Plan based on the latest models of telecommunications technology, and on the integration of wired and wireless telephony, of Telecom Italia and TIM. As a result, wired telephony will benefit from a boost of innovation from cellular telephony, and wireless telephony will make use of the know-how and experience achieved by Telecom Italia over many years of leadership.

We then launched a concerted cost reduction plan and made financial decisions in support of new investments capable of creating further value.

These plans represent the basis of our Company's development, but they must be implemented with the appropriate rigor and in a stable environment.

And this is exactly what Olivetti wishes to prevent, with the demands it has made to vote against all resolutions proposed at the Stockholders' Meeting.

My personal commitment to Telecom Italia's stockholders calls for:

- 1) Maximizing stockholder value;
- 2) Repositioning the Company to facilitate its growth;
- 3) Being accountable to, and open with, the stockholders;
- 4) Providing continuous information to stockholders;
- 5) Achieving the correct market value.

Telecommunications companies will have a growing importance on the stock markets in the third millennium: I expect Telecom Italia to occupy a leadership role in this process.

Franco Bernabè
Chief Executive Officer

k Groups shares in C&W Co

ports

EQUITIES

Europe subdued ahead of Easter holiday

EUROPEAN OVERVIEW

By Bertrand Besnot
The main European equity markets closed higher yesterday despite a sluggish start on Wall Street and weak economic figures from France.

French statistical agency showed a 7,900 rise in seasonally adjusted unemployment, the first increase since August last year. Short of damping enthusiasm, the figures boosted expectations that the European Central Bank would cut interest rates when its board meets on April 8.

Weak euro could make this the last cut in the economic cycle. "The market reacted positively to the French figures but they are probably bad news since they suggest consumer confidence, which has sustained earnings so far, is on a downward slide," said James Cornish, European strategist at BT Alex Brown.

The FTSE Eurotop 300 index rose 8.18 or 0.7 per cent to 1,258.89, while the FTSE Eurotop 100 added 16.80 or 0.6 per cent to 2,920.06. The FTSE Eblor 100 index closed 9.23 or 0.9 per cent higher to 1,031.48.

Telecom stocks turned in a strong performance, with British Telecom ending 10 cents higher at €15.06 on news that its joint venture with AT&T had been cleared by the European Commission.

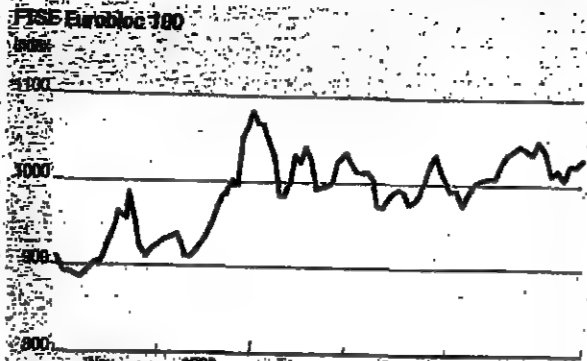


Table of FTSE Actuaries Share Indices and European series, listing various indices and their performance metrics.

Table of FTSE EUROTOP 300 index futures (EFFE) and other market data.

Table of FTSE EUROZONE BOND index futures (EFFB) and other market data.

Table of FTSE EUROTOP 100 index futures (EFFE) and other market data.

Table of FTSE EUROZONE BOND index futures (EFFB) and other market data.

Table of FTSE EUROTOP 300 index futures (EFFE) and other market data.

Table of FTSE EUROZONE BOND index futures (EFFB) and other market data.

Table of FTSE EUROTOP 300 index futures (EFFE) and other market data.

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Table of FTSE EUROTOP 300 index futures (EFFE) and other market data.

Table of FTSE EUROZONE BOND index futures (EFFB) and other market data.

CURRENCIES & MONEY

EURO SPOT FORWARD AGAINST THE EURO

Table showing Euro Spot Forward Against the Euro with columns for currency, closing bid, change, bid/offer spread, and other metrics.

BONDS

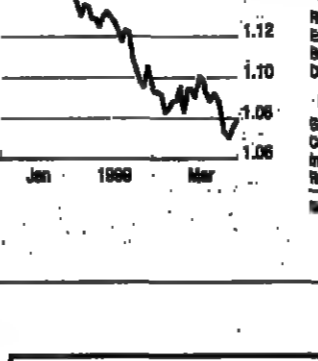
INTEREST RATE SWAPS

Table of Interest Rate Swaps with columns for term, bid, offer, and other details.

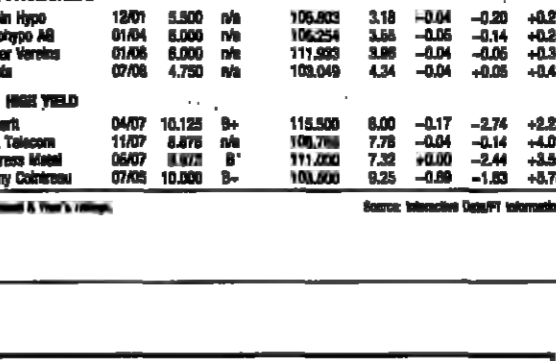
EURO-ZONE BONDS

Table of Euro-Zone Bonds with columns for issuer, coupon, bid, offer, and other details.

EURO BOND YIELD CURVE



EURO AGAINST THE DOLLAR



returns to black years

CONFIRMS REVIEW

finds buyer for

Abbey National First Capital B.V. advertisement with Citibank logo.

EURO FREIGHT CAR FINANCE S.A. advertisement.

BANQUE GENERALE DU LUXEMBOURG advertisement.

Notice of Holder Redemption Date for THERMOVOLTEK CORP. 3% Convertible Subordinated Debentures due 2000.

Advertisement for The Republic of Venezuela U.S. \$912,939,000.

INTERNATIONAL CAPITAL MARKETS

'Unexploited profits' in Brady bonds

By Richard Adams

A careful examination of the credit quality of individual Brady bonds reveals the potential for "unexploited profits" by using the right trading strategies...

By looking at the credit quality and pricing of individual Brady bonds - emerging market debt instruments backed by long-term US Treasuries - the authors say they are able to identify which bonds are overpriced and which underpriced.

Investors can sell or take short positions in the overpriced bonds, while creating long positions in the underpriced bonds. The academics say this strategy can yield profits ranging from 3.5 per cent for Costa Rican Brady bonds...

Brady bonds are a series of securities issued by six developing countries - Argentina, Brazil, Costa Rica, Mexico, Nigeria, the Philippines and Venezuela...

US Treasury prices tumble

BENCHMARK BONDS

By John Labate in New York and Khosrow Merchant in London

US Treasury prices tumbled in early trading after the release of stronger than expected data on regional manufacturing.

European markets initially gained amid speculation of an interest cut by the European Central Bank before losing ground in line with Treasuries, but closed higher on the day.

The regionally-focused Chicago Purchasing Managers index drove the US market. The price-paid component was above 50, suggesting stronger inflation. The Chicago index is

followed by the National Survey of Purchasing Managers' report, due today.

Analysts expect weak NAPM figures, which could bring buyers back to the market since a strong report is now priced in.

In midday trading the benchmark 30-year bond was down 1/8 to 94 1/8, sending the yield up to 5.653 per cent. The 10-year note was off 1/8 to 96 1/8, yielding 5.269 per cent and the two-year note was down 1/8 to 99 1/8, yielding 4.991 per cent.

Tomorrow, US employment figures are published for March, with the consensus suggesting payrolls should rise by 135,000. The report is regarded as unusual because of the many seasonal factors.

The important thing is we're seeing job growth slow on a three-month moving average," said Claude Benson, at Dresdner, Kleinwort Benson in New York.

In Europe, the market firmed on more weak data out of France, which has further strengthened the case for a rate cut by the ECB when it meets next week.

French unemployment figures supported the sentiment of an earlier report by Insee, with a larger than expected rise in jobs from 11.4 per cent to 11.5 per cent. "Deceleration in France," said Luca Zelinnek at Paribas, "opens up a window of opportunity for a cut."

Interest rate talk has produced a sharp steepening of the yield curve in recent days. The short end has remained firm, and forward rates suggest the market expects a 25 basis point cut.

There was little sign of aggressive discounting, which would, in any case, be ambitious, said Phyllis Reed at Barclays Capital.

The weakest part of the curve was the 10-year area, in part because of over-supply, said Jellinek. France issues a €600m to €800m add-on to its 10-year OATI tomorrow.

The 10-year benchmark German Bund futures contract settled up slightly at 114 while in the cash market the yield on the 10-year bond was lower at 3.96 per cent.

Warning to Japan's local governments

By Gillian Tett in Tokyo

Moody's, the US credit rating agency, warned yesterday that the financial position of some of Japan's local governments now appeared worse than the central government's due to their spiralling levels of debt.

In particular, it argued that if the prefectures were given independent credit ratings for the first time, they might not be as high as the Aaa Moody's awards to Japanese government bonds.

Moody's has not committed itself to issuing specific ratings of local government debt but its warning is a sign that foreign investors and credit rating agencies are becoming alarmed about the risks posed by their financial position. Local government debt has not been rated, because investors assumed it was protected by central government.

The warning comes as some senior financial officials are privately warning that the government may need to implement spending packages this year. "If we get to the autumn, and the data is still poor, then there will probably be more political pressure for spending packages," one official said.

However, further spending packages could push Japan's central and local debt to dangerously high levels. And though most Western investors have ignored the role played by local governments in the overall national debt burden, this is now changing amid signs that the local government situation is deteriorating.

In recent weeks Tokyo and

Osaka, the two largest prefectures, for example, have admitted they will post budget deficits in fiscal 1998 for the first time in two decades, due to a sharp fall in revenues.

Other local governments are expected to reveal similar problems when they reveal their 1998 budget figures this summer.

Local governments in Japan have traditionally funded themselves through a mixture of local taxes, central government subsidies, and their own bond issues.

Moody's argues that this "strong role of government support" would mean that ratings of local governments would not diverge too far from the sovereign debt rating.

However, the problems are forcing local governments to issue more bonds. Moody's warned that outstanding local government debt was likely to rise from ¥2,500bn in fiscal 1997, to 10.5 per cent of Japan's GDP, to ¥6,700bn in fiscal 1998.

Also, since the regional banks and life insurance companies that have traditionally bought local debt are now cutting back, investors are focusing "increasingly on questions of credit risk and relative liquidity," warned Steven Hochman of Moody's.

John Higgins of Nomura Securities said: "There is growing concern about supply and demand. I don't think there is a risk of a default [of a local government], but if the central government helps them, that just pushes the liability on to the central government."

Enron makes debut in euros

NEW ISSUES

By Howard Beckett

Enron, the US energy company, made its euro debut with a six-year €400m bond on a day dominated by floating rate notes.

Enron, a top-drawer name in the US, opted for a euro-denominated issue because of its increasing presence in Europe.

The company was eager to make first contact with European investors, but bankers said it would likely swap part of the debt into dollars.

Lehman Brothers, joint lead manager with Paribas, said the six-year issue was targeting strong demand in off-the-run maturities. The bond, the first BBB-rated corporate issue in euros, was priced to yield 80 basis points over the April 3005 OAT and traded at the offer price.

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Yield, Spread, Book-runner. Includes entries for GMAC, Halifax, and various international issuers.

Subordinated debt, which appears as lower than first capital in bank balance sheets, trades at a spread over senior debt and has been in demand from specialist investors.

"It is a way for banks to get capital in exchange for a pick-up in yield," said one banker. Bankers said the launch had been successful owing to the unusually high yield

attached to the Halifax name. "There is robust demand for paper yielding between 15 and 30 basis points over Libor," said one.

Banco di Napoli and Banco Popolare di Novara also came to the market with add-ons to euro-denominated floating rate note issues made a few weeks ago. Both bonds were priced to yield 30 basis points over Euribor.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Table of benchmark government bonds for various countries including Australia, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK, and US.

10 YEAR BENCHMARK SPREADS

Table showing 10-year benchmark spreads for various countries and currencies.

EMERGING MARKET BONDS

Table of emerging market bonds for countries like Argentina, Brazil, Mexico, Chile, Philippines, Thailand, Lebanon, South Africa, and Turkey.

BOND FUTURES AND OPTIONS

Table of bond futures and options for France, Germany, Italy, Spain, and UK.

US CORPORATE BONDS

Table of US corporate bonds for various companies like GE, IBM, and others.

US INTEREST RATES

Table of US interest rates for Treasury bills and bonds.

INTERNATIONAL BONDS

Table of international bonds for various countries and currencies.

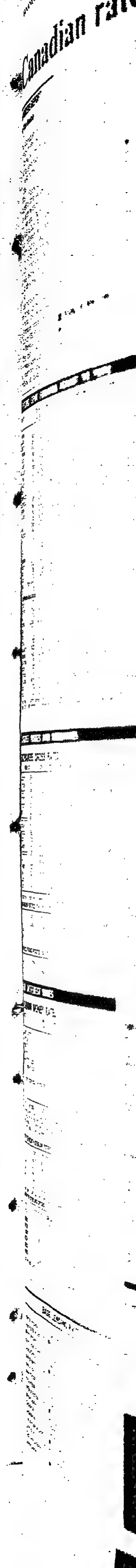
UK BONDS

Table of UK bonds including FTSE Actuaries Government Securities and UK Gilts prices.

UK Indices

Table of UK indices including FTSE 100, FTSE 250, and others.

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Canadian rate cut surprises markets

MARKETS REPORT

By Alan Beattie

The Canadian central bank unexpectedly relieved the dullness of the pre-Easter trading yesterday by cutting interest rates by 25 basis points.

The Canadian dollar slipped a little on the news, but later recovered strongly to close unchanged against the US dollar.

The cut took the key bank rate from 6.5 to 6.25 per cent. The loonie closed in London against the US dollar at C\$1.513, unchanged from Tuesday's close.

The move enlivened an otherwise unexciting day in the currency markets, as traders in many centres

seemed to have started the big wind-down towards public holidays at the end of the week.

The euro struck a blow for those arguing that Kosovo was not the largest influence on its recent weakness by rallying against the dollar despite no apparent good news from the Balkans.

The US currency had a weaker day all round following the Federal Reserve's decision not even to adopt a tightening bias at its meeting on Tuesday.

It closed at \$1.090 against the euro, \$1.614 against the pound and ¥118.4 against the yen.

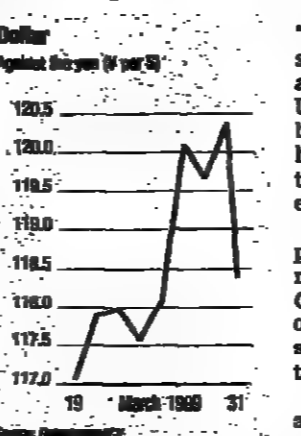
Sterling's rise against the dollar was also a surprise.

dollar reversed a weakening trend over the past few days, giving succour to those arguing that the \$1.60-1.70 range against the dollar remains intact.

The Bank of Canada's move was almost totally unexpected by the market, but despite an initial sell-off in the Canadian dollar, currency traders seemed unimpressed by the move.

The timing of the move made it evident that the Bank of Canada was waiting to see if the US Federal Reserve raised rates on Tuesday, or announced a bias to tightening, before proceeding with the cut.

Analysts said that the yield gap that still existed between Canadian and US interest rates meant that the Canadian dollar should not



"Goldlocks economy" seemed to have spread across the border from the US, with the extremely benign inflation picture being combined with above-trend growth in the real economy.

The cut in rates was unexpected largely because of recent comments made by Gordon Thiessen, the Bank of Canada's governor, who said that inflation was likely to rise.

The Canadian monetary authorities have now fully unwound the 100 basis point rise in rates undertaken last August to restore investor confidence in the sinking loonie.

Mr Morris added that the

A smaller surge than expected in dollar buying by Japanese banks yesterday pushed the US currency down against the yen.

Stories that Japanese banks had to buy around \$30m of dollars to square fiscal year-end books had caused the dollar to strengthen above ¥120 in recent days.

In the event the shortages were only about \$10m, said Paul Chertkov, head of global currency research at the Bank of Tokyo-Mitsubishi in London.

Mr Chertkov said that the yen had held well around the ¥120 level and that the Bank of Japan would be content with the way the fiscal year had ended.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for currency, bid, offer, and various market data for the pound spot and forward rates.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for currency, bid, offer, and various market data for the dollar spot and forward rates.

CROSS RATES AND DERIVATIVES

Table showing exchange cross rates for various currencies including the Euro, Japanese Yen, and others.

UK INTEREST RATES

Table showing UK interest rates for various terms and currencies.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

US TREASURY BILL FUTURES (CME) \$100 million

Table showing US Treasury Bill futures data for various terms.

Advertisement for Mitsubishi Oil Company, Limited, offering convertible bonds with a 2% coupon.

Advertisement for RPS Residential Property Securities, offering Class A2 and Class B Notes.

Advertisement for Greenwich NatWest, offering mortgage-backed floating rate notes.

WORLD INTEREST RATES

Table showing world interest rates for various currencies and terms.

INTERNATIONAL CURRENCY RATES

Table showing international currency rates for various currencies.

THREE MONTH EURO LIBOR FUTURES (LFFE) €1m 100-rm

Table showing three-month Euro Libor futures data.

THREE MONTH EURO LIBOR OPTIONS (LFFE) €1m 100-rm

Table showing three-month Euro Libor options data.

THREE MONTH EURO LIBOR FUTURES (LFFE) \$1m 100-rm

Table showing three-month Euro Libor futures data in dollars.

THREE MONTH EURO LIBOR OPTIONS (LFFE) \$1m 100-rm

Table showing three-month Euro Libor options data in dollars.

Advertisement for Commerzbank AG, detailing the agenda for the 1998 Annual General Meeting.

Advertisement for The Nippon Credit Bank (Curaçao) Finance, N.V., offering U.S. \$500,000,000 Subordinated Floating Rate Guaranteed Notes 2000.

Advertisement for RPS Residential Property Securities, offering Class A2 and Class B Notes.

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Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

FT Citylink Unit Trust Prices are available over the telephone. Call the FT Citylink Help Desk on (444 177) 823 4326 for more details.

Fund Name	Price	Change	YTD %	12m %	3m %	6m %	12m %	3m %	6m %	12m %	3m %	6m %	12m %	3m %	6m %	12m %	3m %	6m %	12m %
ABN AMRO (Channel Islands) Limited (10000)	11.23	-0.01	-0.1%	1.2%	0.5%	0.1%	1.1%	0.4%	0.2%	0.8%	0.3%	0.1%	1.0%	0.4%	0.2%	0.7%	0.3%	0.1%	0.9%
ABN AMRO (Jersey) Limited	11.23	-0.01	-0.1%	1.2%	0.5%	0.1%	1.1%	0.4%	0.2%	0.8%	0.3%	0.1%	1.0%	0.4%	0.2%	0.7%	0.3%	0.1%	0.9%
ABN AMRO (Channel Islands) Limited (10000)	11.23	-0.01	-0.1%	1.2%	0.5%	0.1%	1.1%	0.4%	0.2%	0.8%	0.3%	0.1%	1.0%	0.4%	0.2%	0.7%	0.3%	0.1%	0.9%
ABN AMRO (Jersey) Limited	11.23	-0.01	-0.1%	1.2%	0.5%	0.1%	1.1%	0.4%	0.2%	0.8%	0.3%	0.1%	1.0%	0.4%	0.2%	0.7%	0.3%	0.1%	0.9%

صكنا من الامل

OFFSHORE INSURANCES

Company Name	Policy Type	Details
Abn-Amro	Life Insurance	Abn-Amro Life Insurance Ltd
Abn-Amro	Life Insurance	Abn-Amro Life Insurance Ltd
Abn-Amro	Life Insurance	Abn-Amro Life Insurance Ltd

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

مكتبة التمويل

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Table of fund data including columns for Fund Name, Currency, and other financial metrics. Includes sub-sections like 'Other Offshore Funds'.

Table of fund data with columns for Fund Name, Currency, and other financial metrics.

Table of fund data with columns for Fund Name, Currency, and other financial metrics.

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Table of fund data with columns for Fund Name, Currency, and other financial metrics.

KNOWING YOUR INVESTORS IS ONE THING. KNOWING COUNTLESS DERIVATIVES IN 20 LANGUAGES IN 125 STOCK MARKETS IS ANOTHER. Serving Institutional Investors Worldwide

MANAGED FUNDS NOTES: Details regarding fund management, including currency, fees, and other regulatory information.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing various alcoholic beverage companies and their share prices.

BANKS, RETAIL

Table listing bank and retail companies and their share prices.

BREWERIES, PUBS & REST

Table listing brewery, pub, and restaurant companies and their share prices.

BUILDING MATS. & MERCHANTS

Table listing building materials and merchant companies and their share prices.

CHEMICALS

Table listing chemical companies and their share prices.

CONSTRUCTION

Table listing construction companies and their share prices.

CONSTRUCTION - Continued

Continuation of construction companies and share prices.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies and their share prices.

ELECTRICITY

Table listing electricity companies and their share prices.

ENGINEERING

Table listing engineering companies and their share prices.

ENGINEERING - Continued

Continuation of engineering companies and share prices.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies and their share prices.

EXTRACTIVE INDUSTRIES

Table listing extractive industry companies and their share prices.

FOOD PRODUCERS

Table listing food producer companies and their share prices.

FOOD PRODUCERS - Continued

Continuation of food producer companies and share prices.

GAS DISTRIBUTION

Table listing gas distribution companies and their share prices.

HEALTH CARE

Table listing health care companies and their share prices.

HOUSEHOLD GOODS & TEXT

Table listing household goods and textile companies and their share prices.

INVESTMENT TRUSTS

Table listing investment trusts and their share prices.

INVESTMENT TRUSTS - Continued

Continuation of investment trusts and share prices.

INVESTMENT TRUSTS - Continued

Continuation of investment trusts and share prices.

INV TRUSTS SPLIT CAPITAL

Table listing split capital investment trusts and their share prices.

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Handwritten Arabic text: 'سكرا من الامل'

LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS
The following investment trusts are not subject to the provisions of the FTSE Actuaries Share Index

INVESTMENT COMPANIES
The following investment companies are not subject to the provisions of the FTSE Actuaries Share Index

LEISURE & HOTELS
The following leisure and hotels companies are not subject to the provisions of the FTSE Actuaries Share Index

LIFE ASSURANCE
The following life assurance companies are not subject to the provisions of the FTSE Actuaries Share Index

MEDIA - Continued
The following media companies are not subject to the provisions of the FTSE Actuaries Share Index

OIL EXPLORATION & PRODUCTION
The following oil exploration and production companies are not subject to the provisions of the FTSE Actuaries Share Index

OTHER FINANCIAL
The following other financial companies are not subject to the provisions of the FTSE Actuaries Share Index

PROPERTY
The following property companies are not subject to the provisions of the FTSE Actuaries Share Index

PROPERTY - Continued
The following property companies are not subject to the provisions of the FTSE Actuaries Share Index

RETAILERS, FOOD
The following retailers and food companies are not subject to the provisions of the FTSE Actuaries Share Index

RETAILERS, GENERAL
The following general retailers are not subject to the provisions of the FTSE Actuaries Share Index

TELECOMMUNICATIONS
The following telecommunications companies are not subject to the provisions of the FTSE Actuaries Share Index

SUPPORT SERVICES
The following support services companies are not subject to the provisions of the FTSE Actuaries Share Index

TELECOMMUNICATIONS - Continued
The following telecommunications companies are not subject to the provisions of the FTSE Actuaries Share Index

TOBACCO
The following tobacco companies are not subject to the provisions of the FTSE Actuaries Share Index

TRANSPORT
The following transport companies are not subject to the provisions of the FTSE Actuaries Share Index

TRANSPORT - Continued
The following transport companies are not subject to the provisions of the FTSE Actuaries Share Index

WATER
The following water companies are not subject to the provisions of the FTSE Actuaries Share Index

AMERICANS
The following American companies are not subject to the provisions of the FTSE Actuaries Share Index

CANADIANS
The following Canadian companies are not subject to the provisions of the FTSE Actuaries Share Index

AIM - Continued
The following AIM companies are not subject to the provisions of the FTSE Actuaries Share Index

AMERICANS - Continued
The following American companies are not subject to the provisions of the FTSE Actuaries Share Index

CANADIANS - Continued
The following Canadian companies are not subject to the provisions of the FTSE Actuaries Share Index

AIM
Alternative Investment Market
The Alternative Investment Market, designed primarily for small companies, is listed by the London Stock Exchange but not the FTSE Actuaries Share Index

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GUIDE TO LONDON SHARE SERVICE
Prices and trading volumes for the London Share Service are displayed in the following tables.
Currency conversions are based on those used for the FTSE Actuaries Share Index.

FT Free Annual Reports Club
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FT Cityline
Up-to-the-minute share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

LONDON STOCK EXCHANGE

Footsie misses out on records after strong attack

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

Buyers returned in force to London's equity market yesterday, the last trading session of the first quarter, shrugging off concerns about Tuesday's hesitant performance and Wall Street's near three-figure fall overnight.

6,295.3. However, the blue-chip benchmark extended its consecutive gains to five days, over which it has risen 278.6 points, or 4.6 per cent. During the quarter, it gained 7 per cent.

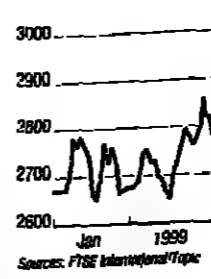
that upset the US bond market. Behind the market's earlier powerful showing was relief that the US Federal Reserve's open market committee had left interest rates on hold and a growing feeling that next week could bring interest rate cuts in the UK and in the euro-zone.

tions of an influx of new money into the market ahead of the end of the tax year. Takeover stories fizzed across the market, with pharmaceutical stocks again being chased higher amid strong speculation that Glaxo Wellcome will tie up another big deal.

the big slide in Philip Morris shares on Wall Street overnight after the group lost a US court case involving a lung cancer victim. Ladbroke was unsettled by a handful of earnings downgrades after its takeover of Stakis and the Stanley Leisure profits warning.

Sentiment in the second liners was also dented by the Stanley Leisure news, and the failure of merger talks between Enterprise Oil and Lasmo, both prominent FTSE 250 constituents.

FTSE All-Share Index

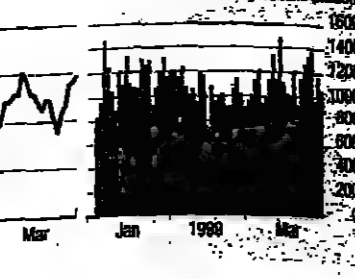


Source: FTSE International/Topic

Indices and ratios

Table with columns for Index Name, Value, Change, and Ratio. Includes FTSE 100, FTSE 250, FTSE 350, FTSE All-Share, and FTSE All-Share Yield.

Equity Shares Traded



Source: FTSE International/Topic

Best performing sectors

Table listing best performing sectors: Building Materials & Merchants (+2.4), Distributors (+2.0), Health Care (+1.9), Pharmaceuticals (+1.9).

Worst performing sectors

Table listing worst performing sectors: Oil Exploration & Prod (-3.1), Tobacco (-3.0), Oil Refined (-2.9), Oil Refined (-2.9), Oil Refined (-2.9).

Earnings fears hit Ladbroke

COMPANIES REPORT

By Joel Kibazo, Peter John and Martin Hillis

The bears had the upper hand in Ladbroke's Group sending the shares sliding. By the end of the session, they had surrendered 16 or 6.4 per cent to 283.4p, the worst performer in the FTSE 100 and one of the day's busiest Footsie trades with turnover of 22m.

Having emerged from a period of purdah as the UK leisure and gaming stock completed its acquisition of Stakis, dealers said the company was offering more information.

However, those who have spoken to senior management are unimpressed with the earnings outlook. Although the integration of Stakis is expected to improve profits by about £33m to £38m this year and by about £50m to £38m next year, analysts said earnings per share are likely to remain at about 18.5p this year and 20.5p the following year.

higher than expected interest charge for the lower than anticipated eps growth. Sentiment in Ladbroke, soon to change its name to Hilton Group, was also hit by a profit warning from casino and betting shop owner Stanley Leisure related to its racing division.

Stanley Leisure shares tumbled 32 1/2 to 276p, the worst performer in the FTSE 250. Earlier this week Capital Corporation, 1 1/2 better at 82 1/2p, reluctantly accepted an increased 286.4 offer from Stanley Leisure.

Increasing pressure on tobacco companies in the US impacted on BAT and sent the group's shares down 2 1/4 to 516 1/2p. An Oregon jury ordered cigarette maker Philip Morris to pay a record \$81m to the family of a retired custodian who died of lung cancer in 1997 after smoking Marlboro for 43 years.

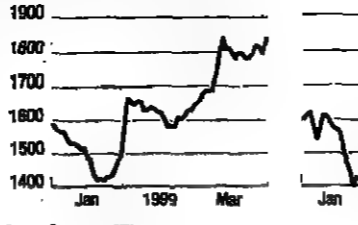
The award was the largest against a tobacco company in an individual smoker's suit. It follows the ruling by a California jury, which hit Philip Morris with a \$51.5m judgment in a similar suit. Sentiment was further hit by news that Australia's competition watchdog had said BAT's proposed merger with Rothmans Inter-

national was likely to breach merger provisions of the Trade Practices Act. Michael Smith of Morgan Stanley Dean Witter maintained his 640p target and "outperform" rating on BAT but said the shares were likely to be "volatile following these developments."

There also was a feeling that Lasmo has had several months to attract a potential bidder and if nothing emerged during that time

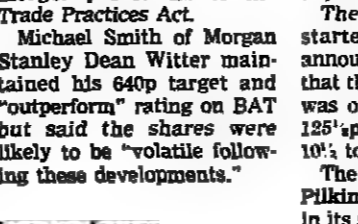
Best and worst performing FTSE sectors

Building Materials & Merchants



Source: DataStream/FTSE

Oil Exploration & Production



Source: DataStream/FTSE

ing, the demerger of competitive businesses and the sale of a regional distribution business. However, the shares fell in late trading to end 5 1/2 down at 36 1/2p.

Retail motor trade group Ryland was up 17 per cent, or 12 at 83 1/2p, after it announced the sale of 75 per cent of its car leasing business for £18.8m. The deal values the business, which accounts for 20 per cent of Ryland's total turnover, at £25m. This was a 25 per cent premium to Ryland's entire market capitalisation before the deal was announced, highlighting the discounts at which smaller companies trade to their net assets.

Speculation about impending corporate activity at Colt Telecom combined with reports of US buying interest to lift the shares 100 or nearly 10 per cent to £11.16. Volume was 2.6m.

Energy was also in demand and the shares appreciated 1 1/2 to £17.63. Strong two-way business in Sigaet Group, which reported a decline in profits this week, brought turnover of 47m to make it the most actively traded individual stock. The shares hardened 1 1/2 to 48p.

There was vague talk of corporate activity at tour operator Airtrous. The shares eased 6 to 455p. Granada Group was in demand, the shares gaining 34 to £12.55 after ABN Amro, one of the company's brokers, highlighted the attractions of the stock in a strategic review from the broker.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LFFB) £10 per full index point

Table with columns: Index, Open, Settle, Price, Change, High, Low, Settle, Vol, Open Int.

FTSE 250 INDEX FUTURES (LFFB) £10 per full index point

Table with columns: Index, Open, Settle, Price, Change, High, Low, Settle, Vol, Open Int.

FTSE 100 INDEX OPTION (LFFO) £10 per full index point

Table with columns: Index, Price, Bid, Offer, Vol, Open Int.

FTSE 250 INDEX OPTION (LFFO) £10 per full index point

Table with columns: Index, Price, Bid, Offer, Vol, Open Int.

LONDON RECENT ISSUES: EQUITIES

Issue, Price, Bid, Offer, Vol, Open Int.

Table listing recent equity issues with columns for Issue, Price, Bid, Offer, Vol, and Open Int.

FTSE GOLD MINES INDEX

Mar 31, Mar 30, Mar 29, Mar 28, Mar 27, Yr ago

Table showing FTSE Gold Mines Index performance over time.

FTSE ACTUARIES SHARE INDICES

FTSE 100, FTSE 250, FTSE 350, FTSE All-Share

Table showing FTSE Actuaries Share Indices performance.

FTSE ACTUARIES INDUSTRY SECTORS

10 RESOURCES, 11 FINANCIAL, 12 FOOD & DRINK, 13 PHARMACEUTICALS

Table showing FTSE Actuaries Industry Sectors performance.

TRADING VOLUME

Major Stocks

Table showing trading volume for major stocks.

Advertisement for American Red Cross with text: 'You don't have to know someone really well to give the perfect gift. In fact, you don't have to know them at all. Please give blood. There's a life to be saved right now. Call 1-800-GIVE-LIFE'.

Advertisement for Lothbury with text: 'Lothbury Funding No. 1 PLC £150,000,000 Class A2 Notes Floating Rate Notes due 2031'.

Advertisement for FTSE Actuaries Share Indices with text: 'The UK Series' and a table of indices.

Advertisement for Hanwha Chemical Corporation with text: 'Notice to the holders of the outstanding U.S. \$50,000,000 3 1/2 per cent Convertible Bonds Due 2006'.

Advertisement for THE FIRST MEXICO INCOME FUND N.V. with text: 'NOTICE OF DIVIDEND'.

Advertisement for MEESPIERSON N.V. with text: 'MEESPIERSON TRUST (CURCAO) N.V.'.

Large advertisement for FTSE International with text: 'FTSE 100, FTSE 250, FTSE 350, FTSE All-Share' and a table of indices.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE (EMU) Prices in €

Table of stock prices for European countries including Austria, Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and Switzerland.

EUROPE (NON-EMU) Prices in £

Table of stock prices for European countries including Denmark, Finland, Norway, and Sweden.

EUROPE (NON-EMU) Prices in \$

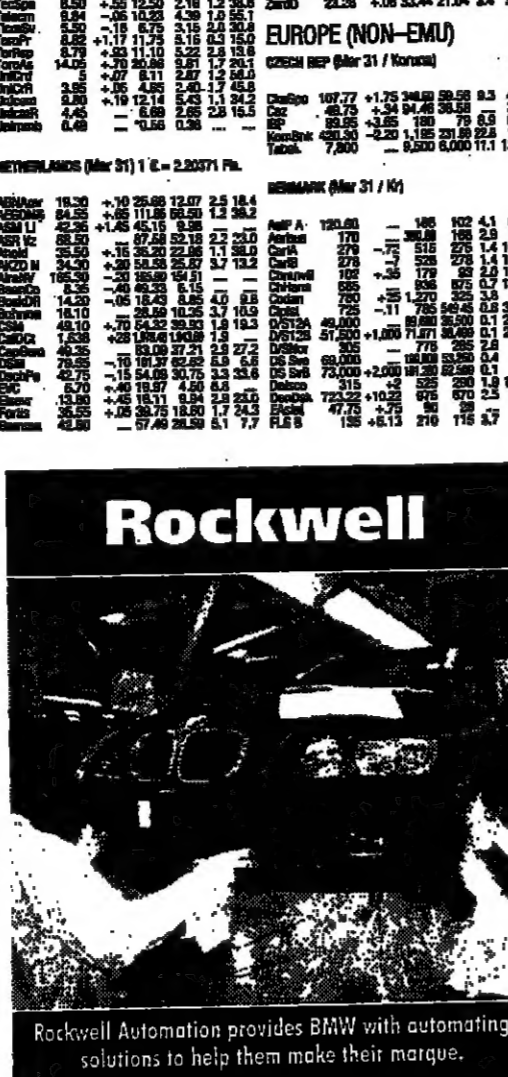
Table of stock prices for European countries including Denmark, Finland, Norway, and Sweden in US dollars.

AMERICAS Prices in \$

Table of stock prices for North and South American countries including Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Uruguay, and Venezuela.

AMERICAS Prices in \$

Table of stock prices for African countries including Algeria, Angola, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Cote d'Ivoire, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, South Korea, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, and Zimbabwe.



Rockwell Automation provides BMW with automating solutions to help them make their marque.

Financial news and market analysis for Europe (EMU) region.

Financial news and market analysis for Europe (NON-EMU) region.

Financial news and market analysis for Europe (NON-EMU) region.

Financial news and market analysis for Americas region.

Financial news and market analysis for Americas region.

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Financial news and market analysis for Europe (NON-EMU) region.

Financial news and market analysis for Americas region.

Financial news and market analysis for Americas region.

Table of FTSE Actuaries World Indices showing various global market indices.

Table of Emerging Markets: IFC investable indices showing indices for various emerging market regions.

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Small print text at the bottom of the page containing legal disclaimers and publication information.

2:45 pm March 31

NEW YORK STOCK EXCHANGE PRICES

Symbol	Price	Change	Volume	High	Low	Open	Close
A	100.00	+0.10	1000	100.10	99.90	100.00	100.10
B	50.00	-0.20	500	49.80	50.20	50.00	49.80
C	200.00	+1.50	2000	201.50	198.50	200.00	201.50
D	150.00	-0.50	1500	149.50	150.50	150.00	149.50
E	300.00	+2.00	3000	302.00	298.00	300.00	302.00
F	75.00	+0.30	750	75.30	74.70	75.00	75.30
G	120.00	-0.80	1200	119.20	120.80	120.00	119.20
H	80.00	+0.10	800	80.10	79.90	80.00	80.10
I	180.00	+1.20	1800	181.20	178.80	180.00	181.20
J	60.00	-0.40	600	59.60	60.40	60.00	59.60
K	90.00	+0.60	900	90.60	89.40	90.00	90.60
L	110.00	-0.90	1100	109.10	110.90	110.00	109.10
M	140.00	+1.80	1400	141.80	138.20	140.00	141.80
N	70.00	-0.30	700	69.70	70.30	70.00	69.70
O	160.00	+1.40	1600	161.40	158.60	160.00	161.40
P	50.00	+0.20	500	50.20	49.80	50.00	50.20
Q	130.00	-1.00	1300	129.00	131.00	130.00	129.00
R	85.00	+0.50	850	85.50	84.50	85.00	85.50
S	105.00	-0.70	1050	104.30	105.70	105.00	104.30
T	170.00	+1.60	1700	171.60	168.40	170.00	171.60
U	65.00	-0.40	650	64.60	65.40	65.00	64.60
V	95.00	+0.80	950	95.80	94.20	95.00	95.80
W	115.00	-1.10	1150	113.90	116.10	115.00	113.90
X	145.00	+1.90	1450	146.90	143.10	145.00	146.90
Y	75.00	-0.30	750	74.70	75.30	75.00	74.70
Z	100.00	+0.50	1000	100.50	99.50	100.00	100.50

IN SECTS (Pan European Sector Indices from EuroBench)

The IN SECTS - pan European sector index from EuroBench - covers only those listed stocks that show a strong upward trend in their price movements. Therefore, the index only represents the core sector trend. Using the correlation of each stock with the sector trend in weight the correlation, an average weighting of optimal quantity market diversification value offering the best sector flexibility available. (Values provided are % - not index)

Index	31-03-1999	Change	Volume	High	Low	Open	Close
Auto	100.00	+0.10	1000	100.10	99.90	100.00	100.10
Chem	50.00	-0.20	500	49.80	50.20	50.00	49.80
Energy	200.00	+1.50	2000	201.50	198.50	200.00	201.50
Health	150.00	-0.50	1500	149.50	150.50	150.00	149.50
Indust	300.00	+2.00	3000	302.00	298.00	300.00	302.00
IT	75.00	+0.30	750	75.30	74.70	75.00	75.30
Media	120.00	-0.80	1200	119.20	120.80	120.00	119.20
Pharm	80.00	+0.10	800	80.10	79.90	80.00	80.10
Telecom	180.00	+1.20	1800	181.20	178.80	180.00	181.20
Utilities	60.00	-0.40	600	59.60	60.40	60.00	59.60
Other	90.00	+0.60	900	90.60	89.40	90.00	90.60

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GLOBAL EQUITY MARKETS

US INDICES, US DATA, JAPAN, FRANCE, GERMANY, UK. Includes market activity tables and line charts for Dow Jones and FTSE Europe 300.

INDEX FUTURES. Table showing futures prices for S&P 500, Dow Jones, and other indices.

WORLD MARKETS AT A GLANCE. Comprehensive table of global equity markets including Asia, Europe, and Latin America.

THE NASDAQ-AMEX MARKET GROUP

Large table listing individual stocks with columns for stock name, price, volume, and other market data.

JAVICO 1350

